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### Remuneration discrepancies in the landlocked economies of Malaŵi and Uganda

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## Remuneration discrepancies in the landlocked economies of Malaŵi and Uganda

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Although the original study of remuneration differences between local and expatriate development workers took place in the landlocked economy of Malaŵi, the study has never been replicated outside of one sector and organization (the National University), and took place prior to the 2000 Millennium Development Goals. Participating in the present studies were 458 aid and development professionals, working across a range of sectors in Malaŵi ( $n = 241$ , response rate = 50%) and Uganda ( $n = 217$ , response rate = 51%). The size of the gap between local and international workers, measured using the World Bank's purchasing power parity, was higher in Malaŵi (4.04:1) than in Uganda (1.97:1). The ratio was more clearly within tolerance levels in Uganda than in Malaŵi. Consistent with these differences, and controlling for organization, cultural, and demographic factors, locally remunerated workers reported more and expatriate workers less injustice and demotivation in Malaŵi than in Uganda. Although sample sizes for the internationally remunerated are small, the findings suggest that wider disparities may (1) hinder perspective-taking and (2) decrease motivation. In-country workshops with stakeholders and subject-matter experts considered the findings, and potential solutions offered through the survey form. They recommended the implementation of performance-based remuneration, including competency-based job analysis and evaluation. Competencies in such functions can be provided by humanitarian work psychology.

**Keywords:** Poverty reduction; International aid; Development work; Capacity development; Humanitarian; Work psychology.

Quoique l'étude originale des différences de rémunération entre les travailleurs en développement locaux et expatriés ait été réalisée dans une économie sans littoral du Malawi, l'étude n'a jamais été reproduite en dehors d'un secteur et d'une organisation (l'Université nationale) et a été menée avant les Objectifs du Millénaire pour le développement de 2000. Les participants aux présentes études étaient 458 professionnels des domaines de l'aide et du développement, travaillant dans divers secteurs au Malawi ( $n = 241$ , taux de réponse = 50%) et en Uganda ( $n = 217$ , taux de réponse = 51%). La taille de l'écart entre les travailleurs locaux et internationaux, mesurée à partir de la parité du pouvoir d'achat de la Banque mondiale, était plus grande au Malawi (4,04 : 1) qu'en Uganda (1,97 : 1). Le ratio était plus dans les seuils de tolérance en Uganda qu'au Malawi. En accord avec ces différences, et en contrôlant les facteurs organisationnels, culturels et démographiques, au Malawi, les travailleurs rémunérés localement ont rapporté plus d'injustice et de démotivation et les travailleurs expatriés ont rapporté moins d'injustice et de démotivation comparativement à ceux de l'Uganda. Quoique les tailles des échantillons pour les travailleurs rémunérés internationalement soient petits, les résultats suggèrent que des écarts plus grands peuvent (1) faire obstacle à la prise de perspective et (2) diminuer la motivation. Des ateliers

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regroupant des représentants et des experts en la matière ont permis à ces derniers d'examiner ces résultats et les solutions potentielles proposées à travers le formulaire d'enquête. Les participants à ces ateliers ont recommandé l'implantation d'une rémunération basée sur la performance, incluant une analyse et une évaluation de l'emploi basées sur la compétence. Les compétences dans de telles fonctions peuvent être précisées par la psychologie du travail humanitaire.

Aunque el estudio original de las diferencias en la remuneración entre los trabajadores locales y expatriados tuvo lugar en la economía sin acceso al litoral de Malawi, el estudio nunca se replicó fuera de un sector y una organización (la Universidad Nacional) y tuvo lugar antes de los Objetivos de Desarrollo del Milenio del 2000. Los participantes del presente estudio fueron  $N=458$  profesionales de asistencia y desarrollo, trabajadores de diferentes sectores en Malawi ( $n=241$ , tasa de respuesta = 50%) y Uganda ( $n=217$ , tasa de respuesta = 51%). El tamaño de la laguna entre los trabajadores locales e internacionales medida por la Paridad de Poder Adquisitivo del Banco Mundial fue mayor en Malawi (4.04:1) que en Uganda (1.97:1). El ratio fue más claramente dentro de los niveles de tolerancia en Uganda que en Malawi. Consistente con estas diferencias y controlado los factores de organización, culturales y demográficos, los trabajadores remunerados localmente relataron en mayor medida que los trabajadores expatriados la injusticia y la desmotivación, mayor en Malawi que en Uganda. Aunque los tamaños de la muestra de los remunerados internacionalmente fueron pequeños, los resultados demuestran que mayor disparidad puede (1) obstaculizar la toma de perspectiva y (2) disminuir la motivación. Los talleres dentro de los países con las partes interesadas y expertos en la materia consideraron los resultados y las posibles soluciones. Éstos recomendaron la implantación de la remuneración basada en el rendimiento e incluir la evaluación y el análisis de trabajos basados en las competencias. Las competencias en estas funciones pueden ser proporcionadas por la Psicología del Trabajo Humanitario.

Along with the island nations of the South Pacific, the lower-income economies of sub-Saharan Africa are among the countries least likely to meet the United Nations' Millennium Development Goals (Webster, 2008). Many African nations are landlocked, being surrounded by lower-income markets that limit export expansion and outreach to ocean ports (Singer, 2009, p. 114). Inherent constraints such as this can increase reliance on international aid, and enhance the importance of human resource capability (McAuliffe et al., 2009). One key avenue for developing capacity locally is via technical assistance, provided by expatriate workers in aid, business, government, and education (Manning, 2006). A necessary condition for technical assistance to succeed is that colleagues engaged in collaborative work enjoy reasonably harmonious work relations (Eyben, 2005). A basic potential barrier to that collaboration, however, is the remuneration gap that frequently exists between comparably skilled and experienced locally salaried (principally local) workers and their internationally salaried (principally expatriate) counterparts. The studies reported in this paper aim to explore the behavioral dynamics of those differences, in the context of development-related organizations in two land-locked African economies, Malawi and Uganda (ADDUP, 2009).

The first empirical study of remuneration ratios between local and expatriate workers took place in Malawi (Carr, Chipande, & MacLachlan, 1998). In a sample-survey study of employees in the University of Malawi, pay was found to vary

widely between aid providers, and to be blocking expatriate–local cooperation via a combination of felt organizational injustice, stereotype reinforcement, and impediments to perspective-taking across cultures. Whether these remuneration-induced barriers to mutual capacity development extend beyond the university sector and across time within the country and across other landlocked nations, however, remains undetermined (MacLachlan & Carr, 2005). For instance, since the original study the Millennium Development Goals (2000) have been introduced. These focus on reducing poverty, through the application of policy principles that oppose disparities in remuneration (Banda, 2007). Policy principles ([www.aidharmonization.org/secondary-pages/Paris2005](http://www.aidharmonization.org/secondary-pages/Paris2005)) include harmonization (noncompetition between aid agencies) and alignment (meeting local aspirations). We do not know if these principles have raised or reduced the extent of remuneration gaps, or their salience in expatriate–local work relations. This study sets out to explore those issues and to test the following hypotheses from the original model (Carr et al., 1998): Workers in general will compare each other's (a) abilities and (b) remuneration. In addition, workers remunerated less will report more thoughts about (a) injustice; (b) demotivation; (c) turnover; and (d) international mobility.

## STUDY I: MALAWI

Malawi has one of the poorest economies on earth, with an infant mortality rate of 94 per 1000, a life

expectancy at birth of 41 years, and an adult population in which approximately one in seven people is infected with HIV/AIDS (Singer, 2009, p. 156; an alternate estimate is 72 per 1000; National Statistical Office/UNICEF, 2008). Statistics like these indicate that the development of capacity, through “capacitors” such as organizations and the work relationships they can facilitate, is crucial for national development and poverty reduction (Carr, 2009). Universities, for example, often rely on international aid agencies to supply lecturers while their own staff members are training overseas, with the expatriate working alongside equally (and often more) experienced local lecturers until a local trainee returns (Carr et al., 1998).

The initial study indicated that remuneration disparities can short-circuit collaboration (Carr et al., 1998). However, the original survey measure was preliminary. First, the questions focused exclusively on pay rather than pay and benefits combined. These benefits are often substantial, including for instance housing allowances and schooling for children. Their net impact has yet to be gauged. Second, the initial survey relied on single- rather than multi-item measures, raising possible doubts about reliability and validity (Carmines & Zeller, 1994). This study aims to address such doubts, by including questions around the remuneration package, including non-salary benefits, and by introducing multiple-item measures. The paper also examines the existence of remunerative differences across several sectors, from educational aid to civil service and commercial organizations.

## Method

### Sample

A total of 241 participants from 35 organizations took part in the survey. The overall response rate was 50%, with participation from 171 locals and 70 expatriates, representing 22 nationalities. There were 13 aid organizations ( $n=65$ ), 10 commercial organizations ( $n=47$ ), 7 educational institutions ( $n=84$ ), and 5 government institutions ( $n=45$ ). Mean  $n$  per organization = 6.89. In a multivariate analysis of variance (MANOVA) with “organization” as independent variable and the variables in Table 1 as dependent variables, there was no multivariate effect of organizations,  $F(168, 696) = 1.11$ ,  $p = .184$ . Organization was thus precluded as a random control variable in the analyses for Malawi (Kenny & La Voie, 1985). In terms of sex, 63% of the sample was male and 37% female.

**TABLE 1.**

Cognitions by Remuneration controlled for covariates (culture shock, agreeableness/ horizontal individualism, vertical individualism and collectivism, candour, neuroticism, years' experience, sex, highest qualification, and job satisfaction/ work engagement; Study 1: Malawi)

	Remuneration	
	Local ( $n=148$ )	International ( $n=21$ )
Mobility	2.37 (1.28) 2.38	2.12 (0.83) 2.07
Turnover	2.63 (1.15) 2.59	2.25 (0.96) 2.47
Demotivation	3.15 (1.03) 3.12	2.36 (0.94)* 2.57
Justice	2.35 (0.81)	3.26 (0.59)***
Comparison	3.38 (0.98)	3.06 (1.02)
Ability	3.35 (0.84)	3.23 (0.91)

Italics denote corrected  $M$ , if different from raw  $M$ . Standard deviations in parentheses. \* $p < .05$ , \*\*\* $p < .001$ .

The term “volunteer” ( $n=30$ ) had different meanings within and between the two sample sites in this paper, and was subsequently scratched from remuneration comparisons below ( $N'=211$ ). Cross-tabulated by the remaining two types of remuneration group (missing  $n=3$ ), local vs. international, there were  $n=66/187$  females and  $n=121/187$  males receiving local remuneration, while among the internationally remunerated group there were  $n=6/21$  females and  $n=15/21$  males.

Qualifications ranged from primary school ( $n=3$ ) to high school certificate ( $n=16$ ), tertiary diploma ( $n=38$ ), bachelor degree ( $n=83$ ), postgraduate diploma ( $n=15$ ), master's degree ( $n=54$ ), doctoral degree ( $n=16$ ) and postdoctorate ( $n=10$ ). Cross-tabulated with the same remuneration groups above, local vs. international respectively: primary school  $n=1, 0$ ; high school  $n=14, 1$ ; tertiary diploma  $n=33, 1$ ; bachelor degree  $n=67, 6$ ; postgraduate diploma  $n=14, 1$ ; master's degree  $n=36, 8$ ; doctorate  $n=11, 4$ ; postdoctorate  $n=6, 1$ .

For the sample age,  $M=36.84$  years ( $SD=9.59$ ). Professional experience across the sample as a whole averaged  $M=9.05$  years ( $SD=7.55$ ). By remuneration type,  $M=8.77$  years ( $SD=6.99$ ) and  $M=10.36$  ( $SD=8.51$ ) for local vs. internationally remunerated workers, respectively.

Sex, highest qualification and years' experience in the type of job were included as control variables below.

### Measures

These were taken from Carr, McWha, MacLachlan, & Furnham (2010 this issue).

*Salary.* We measured type of salary using the question, “In your current main job, is your salary volunteer/local/international?” Salary was measured with, “What is your approximate official annual salary, in the currency in which it is paid?” We asked, “Is your current combined pay and benefits enough for your everyday needs?” and “Expatriate salaries start to become unacceptably large once they reach \_\_\_ times a local salary (Choose a number from the following 2 3 4 5 6 7 8 9 10 > 10 times).” A further question was, “My job brings me into contact with differently paid and benefited... (a) expatriates [and] (b) locals,” scaled 1 (strongly disagree) to 5 (strongly agree). There was a range of demographic questions concerning age, nationality, etc. (ADDUP, 2009; Carr et al., 2010 this issue).

*Variables in H<sub>1</sub>–H<sub>6</sub>.* All attitudinal items used a 5-point scale from 1 (strongly disagree) to 5 (strongly agree). The core variables included ability (e.g., “I perform better than most expatriates/locals,” four items, Cronbach’s  $\alpha = .86$ ); comparison (e.g., “I am aware of the pay and benefits received by expatriates/locals,” four items,  $\alpha = .76$ , for the sample in Malawi); justice (e.g., “I feel that there is fairness in the process for allocating pay and benefits to locals/expatriates,” six items,  $\alpha = .80$ ); demotivation, e.g., “I am demotivated by the pay and benefits received by expatriates/locals,” six items,  $\alpha = .87$ ); turnover (e.g., “I think about leaving this job,” six items,  $\alpha = .94$ ); and mobility (e.g., “I wish I could leave this country,” three items,  $\alpha = .93$ ).

*Covariates.* Control variables were measured based on factor solutions reported in full in Carr et al. (2010 this issue): Culture shock (adapted from Mumford’s, 1998, Culture Shock Questionnaire; five items,  $\alpha = .77$ , exemplar “I have found things in my cross-cultural environment shocking”); agreeableness (from McManus & Furnham, 2006), which could not be separated in Carr et al. (2010 this issue) from horizontal collectivism (from Triandis & Gelfand, 1998), which we subsequently termed “agreeableness/horizontal collectivism,” six items altogether,  $\alpha = .72$ , exemplars “I try to be courteous to everyone I meet” and “I feel good when I cooperate with others (HC)”); horizontal individualism, vertical individualism, and vertical

collectivism (from Triandis & Gelfand, 1998, limited to two items per measure,  $\alpha$  values = .60, .35, .43, respectively. Exemplars respectively “I often ‘do my own thing,’” “winning is everything,” “family members should stick together, no matter what sacrifices are required”), a mix of the Socially Desirable Response Set in Hays, Hayashi, & Stewart, 1989, plus Neuroticism from McManus & Furnham, 2006, which could not be separated in Carr et al. (2010 this issue) and which had five items,  $\alpha = .65$ , derived by factor analysis in Carr et al. (2010 this issue), exemplar items “I often feel tense and jittery,” “I sometimes feel resentful when I don’t get my way”). Job satisfaction combined inextricably in Carr et al. (2010 this issue) with work engagement. They were combined into one measure because they were inseparable using exploratory factor analysis across the project, and across the Oceania region (Carr et al., 2010 this issue). The combination was termed Job Satisfaction/Work Engagement and was measured in the current study using the three-item measure of job satisfaction from the Michigan Organizational Assessment Questionnaire (Cammann, Fichman, Jenkins, & Klesh, 1983) plus eight or nine items from the Utrecht Work Engagement Scale (Schaufeli, Bakker, & Salanova, 2006; a ninth item had a low communality in Carr et al., 2010 this issue). This job satisfaction/work engagement measure therefore comprised 11 items in total,  $\alpha = .89$ , exemplars “In general, I like working here,” and “At my job I feel strong and vigorous”).

*Open-ended views.* Participants were asked, “Based on your own observations and experiences, what would be the number 1 improvement that could be made to help manage pay and benefits in your immediate work environment?” The answers to this question were considered and interpreted, along with the processed data from the survey form itself (Results), by post-survey workshop attendees (see Procedure, and also Results and discussion).

*Procedure.* We followed the procedure in Carr et al. (2010 this issue). Questionnaires were distributed on paper to potential participating organizations. An in-country workshop was organised for 20 local aid, government, and educational professionals to discuss the findings and derive evidence-based and especially locally aligned policy recommendations.

## Results and discussion

### Salary

Their jobs brought our respondents into contact with differently remunerated expatriates and locals (mean item score = 3.92/5). A total of  $N = 123$  participants reported their pecuniary salary, with most of these ( $n = 100$ ) being local people drawing a local salary. Mean salary for this group was  $M = \text{International}\$16,409$ . One local worker reported drawing an international salary of  $\text{International}\$118,244$ . The expatriate workforce responding to this question consistently tended to draw a higher salary than their local counterparts, with the exception of this one individual: The remaining  $n = 22$  expatriates were split evenly between drawing an international ( $M = \text{International}\$66,336$ ) and a "local" salary ( $M = \text{International}\$44,098$ ). Caution must be exercised when extrapolating from such small samples. However, this gave a ratio (between international and local pay) of approximately 4.04:1, or 2.69:1, if the expatriate was earning respectively an international or a local salary. Overall ratio for international/local salaries was  $\text{International}\$70,662$ :  $\text{International}\$19,153$ , or approximately 3.69:1. The ratio at which the participants themselves reported that "salaries start to become unacceptably large" was  $M = 4.87$ ,  $SD = 2.89$  (4.83 among the locally salaried and 5.24 among internationally salaried respondents, *ns*). Hence despite gaps between international and local salaries, they were placed within acceptable limits. Nonetheless most respondents on local remuneration reported that it was insufficient to meet their daily needs ( $n = 154/N = 187$ , 82%); contrasting with international salaries ( $n = 4/22$ , 18%).

### Variables in $H_1$ – $H_6$

Combined pay with benefits is the focus in Table 1. With volunteers omitted (above), and missing data, the sample/subsample size for the tests in Table 1 was  $n = 148$  (61% of the total sample of  $N = 241$ ) receiving local salary; and  $n = 21$  (9%) receiving an international salary. To test for differences across local vs. international remuneration groups, we used analysis of covariance (ANOCOVA). The independent variable was remuneration group and the criterion was each variable in Table 1. The covariates from Measures were included as a set in each initial ANOCOVA. In order to preserve statistical power, they were retained in the final analysis reported below if they

proved to be linked to the dependent variable ( $p < .05$ ).

From Table 1, across local vs. international remuneration groups, controlling for agreeableness/horizontal collectivism,  $F(1, 143) = 10.89$ ,  $p = .001$ , partial-Eta-squared = .07, and highest qualification attained,  $F(1, 143) = 8.68$ ,  $p < .05$ , partial-Eta-squared = .04, neither group was thinking on the whole about leaving or not leaving the country. Neither the local or the international remuneration group tended to be thinking about turnover, with controls on candour, positive predictor,  $F(1, 124) = 10.84$ ,  $p = .001$ , partial-Eta-squared = .08; highest qualification, negative predictor,  $F(1, 124) = 14.34$ ,  $p < .001$ , partial-Eta-squared = .11; and years' experience, negative predictor,  $F(1, 124) = 6.56$ ,  $p = .01$ , partial-Eta-squared = .05. Regarding demotivation, we had to control for vertical individualism, positive predictor,  $F(1, 141) = 15.13$ ,  $p < .001$ , partial-Eta-squared = .10; and years' experience (negative predictor,  $F(1, 141) = 8.34$ ,  $p < .005$ , partial-Eta-squared = .06. Beyond these, internationally remunerated respondents tended to be motivated while locally remunerated respondents tended to report being demotivated by remunerative differences,  $F(1, 141) = 4.52$ ,  $p < .05$ , partial-Eta-squared = .04. In terms of justice, there was another significant division between the remuneration groups. Internationally remunerated respondents tended to agree there was remunerative justice, while their locally remunerated counterparts tended to disagree,  $F(1, 160) = 24.66$ ,  $p < .001$ , partial-Eta-squared = .13. Both groups tended to agree that they were more able than colleagues (*ns*), and both made remuneration comparisons (*ns*).

Overall, the differences between remuneration groups reflected discrepancies in salary that leave locally remunerated workers relatively needy, with a perceived injustice on their part, which was not the case for the group remunerated internationally. Demotivation levels covaried with these differences. The general pattern is thus consistent with local workers tolerating remunerative disparity and injustice, for everyday economic needs.

## STUDY II: UGANDA

Following a period of socioeconomic growth post Idi Amin and pre-2000, Ugandan involvement in a neighbouring war (Congo), alleged government corruption, and fluctuations in the price of natural resources such as coffee, Uganda today is one of the poorer countries in sub-Saharan Africa, with

half the population currently living below the international poverty line of US\$1.25 per day (United Nations, 2009). Building human resource capability, through “economic facility” in organizations, is one key way of addressing poverty (Sen, 1999). As well as for poverty reduction, remuneration issues are important in Uganda because remunerative *differences* between expatriates and locals may demotivate locals, and to that extent reduce performance. Other negative outcomes may include: job dissatisfaction, low commitment, absenteeism, turnover, corruption, and counter-productive work behaviours. Pay (and benefits) can also affect individual input, and motivate performance (Latham, 2007). Remuneration enables employees to meet their needs, and develop their capacities.

As an illustration of how salient salary issues may be, we offer the example of a critical incident. A local nongovernment organization worker was being paid a monthly salary of around US\$1700, while one of his subordinates, an expatriate, earned twice as much. Due to this unfair and demotivating situation, the local worker was planning to resign. An example of a positive critical incident is a lecturer in Makerere University with a PhD who is paid a salary enhancement allowance of around US\$45 per month, while one with a master’s degree is paid around US\$23 extra per month. The above situation has made most of the lecturers register for PhDs, and this is good for the university and the staff as well. Hence differences in remuneration are not necessarily either negative or positive. The goal of the present study is thus to explore the psychology of remuneration differences more systematically, across a range of contexts in education, government, aid, and business.

## Method

### Sample

A total of 217 participants from 24 organizations took part. The response rate was 50.7% (for 174 locals and 43 expatriates of 24 nationalities, with response rates of 49% and 61% respectively). There were eight aid organizations ( $n=67$ ), nine commercial organizations ( $n=37$ ), four educational institutions ( $n=89$ ), and three government institutions ( $n=24$ ). Mean  $n$  per organization = 9.04. A multivariate effect for “organization” was found,  $F(126, 570)=1.54$ ,  $p=.002$ , partial-Eta-squared = .25. Organization was therefore treated in analyses as a potential level 2 variable, as outlined in Kenny & La Voie (1985).

In terms of sex, 58% of the sample was male, 40% female. Due to ambiguous interpretations of “volunteer,” 32 participants could not be included in some cross-group analyses below. Of 144 respondents receiving local remuneration, 54 were female and 88 were male. Among the internationally remunerated ( $n=30$ ), there were 10 females and 19 males.

Qualifications spanned primary school certificate ( $n=2$ ), high school ( $n=11$ ), tertiary diploma ( $n=20$ ), bachelor degree ( $n=82$ ), postgraduate diploma ( $n=20$ ), master’s degree ( $n=58$ ), doctoral degree ( $n=15$ ), postdoctorate ( $n=2$ ). Cross-tabulated with remuneration groups above, local vs. international respectively: Primary school  $n=2$ , 0; high school  $n=7$ , 1; tertiary diploma  $n=12$ , 1; bachelor degree  $n=60$ , 6; postgraduate diploma  $n=13$ , 3; masters degree  $n=36$ , 15; doctorate  $n=9$ , 2; post-doctorate  $n=0$ , 1.

Mean age for the sample was  $M=34.24$  years ( $SD=9.07$ ). Professional experience across the sample averaged  $M=8.10$  years ( $SD=7.18$ ). By salary type above,  $M=7.94$  years ( $SD=6.72$ ) and  $M=10.07$  ( $SD=8.63$ ) for local vs. internationally salaried workers, respectively.

## Measures

Measures were identical to Study I. These included ability ( $\alpha=.79$ , for Uganda sample), comparison = .72, justice = .78, demotivation = .84, turnover = .92, and mobility = .93. Control variables were identical to Study I, namely: Culture shock = .69, agreeableness/horizontal collectivism = .73, horizontal individualism, vertical individualism and vertical collectivism, two items per measure,  $\alpha$  values = .60, .21 (variable not subsequently used in Table 2), and .41, respectively; candour = .68; job satisfaction/work engagement = .89. Organization was also a control variable (Sample, Study II).

## Procedure

See Study I.

## Results and discussion

### Salary

A total of 86 out of 101 who supplied expatriate/local status, international/local pay, and actual pay were local workers on local remuneration. The remaining 15 were split between expatriates on international remuneration ( $n=4$ ), expatriates on local remuneration ( $n=5$ ), and local workers

TABLE 2.

Cognitions by remuneration controlled for covariates (culture shock, agreeableness/horizontal individualism, vertical individualism and collectivism, candour, neuroticism, years' experience, sex, highest qualification, organization and job satisfaction/engagement; Study 2: Uganda)

	Remuneration	
	Local ( <i>n</i> = 112)	International ( <i>n</i> = 29)
Mobility	2.39 (1.11)	2.54 (1.13)
Turnover	2.50 (0.93)	2.41 (0.95)
Demotivation	3.15 (0.83)	2.76 (0.82)***
Justice	2.52 (0.72)	2.92 (0.76)
Comparison	3.38 (0.92)	3.32 (0.81)
Ability	3.40 (0.77)	3.30 (0.71)
		3.29

Italics denote corrected *M*, if different from raw *M*. Standard deviations in parentheses. \*\*\**p* < .001.

on international remuneration (*n* = 6). These low numbers did not permit the derivation of any meaningful central tendencies by specific subgroup. Examining by salary type, and excluding *n* = 32 volunteers, the overall difference between international (*n* = 10) and local pay (*n* = 91) in purchasing power parity was International \$28,199:International\$18,365, a mean ratio of 1.54:1. Split by local/expatriate, and including 32 "volunteers," mean ratio for expatriate (*n* = 14) and local workers (*n* = 113) was International \$34,234:International\$17,342, or 1.97:1. Although the response rate for the expatriates in this sample was still low, the ratio it gave is closer to an independently derived ratio from a larger national survey, albeit of *N* = 101 executives (Red Pepper, 2009). The latter sample was evenly split between expatriate and local executives, who respectively earned a combined (total) of Ugandan shillings 1,468,579.887 and shillings 791,002.484, an in-country ratio of 1.86:1 (Red Pepper, 2009). We therefore take 1.97:1 as the best estimate of salary diversity in our Ugandan sample.

All participants tended to come into contact with remunerative differences (*M* = 3.89/5). The mean ratio at which it was reported that salaries started to become unacceptable was *M* = 4.90 (*SD* = 2.73), with no variation between locally and internationally remunerated groups (respectively, *M* = 4.89, *SD* = 2.65; *M* = 4.95, *SD* = 3.24). For the locally remunerated workers, a majority of *n* = 113/138 (82%) reported that current pay and benefits combined were not enough to meet

everyday needs. For internationally remunerated workers, the proportion in hardship was just under half this figure (although the subsample is too small to generalize).

### Variables in H1-H6

Table 2 gives mean scores on the whole remuneration package, which includes pay and benefits. With volunteers omitted (above), and missing data, the subsample sizes for the tests in Table 1 were *n* = 112 (52% of the total sample of *N* = 217) receiving local and *n* = 29 (13%) receiving international remuneration. We used the same testing process as in Study I. Following Kenny and La Voie (1985, p. 342), "organization" was entered as a random factor if the intraclass correlation coefficient for organization was statistically significant for a particular variable. In Study 2, "organization" made a contribution to justice (*p* = .183) and demotivation (*p* = .001), and was thus included as a control variable (random factor) in their initial analyses (of covariance).

From Table 2, neither group tended to be thinking about turnover or leaving the country (controlling for the positive effect of culture shock on both variables). Controlling for years' experience,  $F(1, 88) = 4.03$ ,  $p < .05$ , partial-Eta-squared = .04, locally remunerated workers were significantly demotivated compared to their colleagues who were being remunerated internationally,  $F(1, 34.50) = 12.29$ ,  $p < .001$ , partial-Eta-squared = .26. Also indicated for demotivation was a potential level 2 role, for organizations,  $F(11, 10.89) = 3.87$ ,  $p < .05$ . There was no significant difference between locally and internationally remunerated workers on feelings of justice (controlling for organization)

There was no difference in comparison between groups: each group compared remuneration with the other. Finally there was no difference between remuneration groups on ability, with both groups rating self above others, with controls on culture shock: positive predictor,  $F(1, 110) = 4.11$ ,  $p < .05$ , partial-Eta-squared = .04, and candour, positive predictor,  $F(1, 110) = 4.02$ ,  $p < .05$ , partial-Eta-squared = .04.

## GENERAL DISCUSSION

In both countries, we expected that workers in general would compare abilities (Hypothesis 1) and remuneration (Hypothesis 2), and they did. We also expected that those workers remunerated



less would report more thoughts of injustice rather than justice (Hypothesis 3) and demotivation rather than motivation (Hypothesis 4). In Malaŵi, where the salary ratio between local and international respondents was more uneven, they did; in Uganda they did not—although caution was in interpreting the generalizability of the latter sample. Finally, we expected differences in thoughts about turnover (Hypothesis 5) and international mobility (Hypothesis 6), which did not eventuate in either setting—possibly because people are simply glad to have a job, and because expatriates are by definition “temporary.”

The original study of remuneration differences took place in one of our twin sites, Malaŵi, over a decade ago (Carr et al., 1998). At that time, the country was undergoing radical transformation, from dictatorship to democracy, closed market to open market, and expectations were rising. The ratios between international and local remuneration at the time, were estimated at  $\geq 10:1$ . Since that time, the Millennium Development Goals (2000) have been introduced, and remuneration differentials may have halved, based on our estimates of purchasing power parity. Nevertheless, remuneration differences remain and, the evidence in these studies suggests, are still problematic. One problem is policy-based—remuneration structures are not aligned, for example. A second issue is ethical—they are not particularly just. A third issue is practical—they are not particularly conducive to workplace motivation including, we contend, behaviorist assumptions, in “free [labor] markets.”

On the up side, a qualitative comparison between the two countries would suggest that variations in the gap might be met with variations in perceived and reported justice, and motivation, for example across organizations. That possibility is more testable, and tested, in Carr et al. (2010 this issue). Clearly we might also need to take extended measures of how motivation levels translate into workplace behaviour; for example, “contextual performance,” which is defined as “behaviours that create and maintain the social framework within which people accomplish their core job tasks” (Murphy, 2007, p. 15). Contextual performance would seem to be a key component in capacity building via technical and other forms of cooperation, and has been linked to organizational justice (Greenberg, 2007).

Outside of job performance itself, the data in these studies indicated that remunerative differences remain a significant social and economic issue, related to the improvement of poverty-reduction services and thereby poverty reduction

itself. At the workshops that featured representation from key stakeholders in the local communities, remuneration was unanimously agreed to be poverty-related, for workers, their families and the communities they serve. In Malaŵi, for example, “Pay disparity is clearly an injustice, it borders on breaching human rights,” and “Remuneration systems are used as instruments of domination” (anon, workshop, June 2009).

As well as agreement in both sites that remuneration disparities are an issue, there was a broad consensus that remuneration could be more effectively managed (Sachs, 2005). Certainly this proposition is consistent with the differences between sites on ratio, justice, and motivation levels. In Uganda, for example, all four separate workshop groups ranked the same point as most important: a need to introduce performance-based remuneration. The groups recommended that pay based on performance could be implemented at our workplaces by first carrying out competency-based job analysis and job evaluation, and using the resulting information to determine remuneration. These are stock-in-trade skills and competencies in the professional practice of organizational and work psychology. In fact, at a recent meeting of work psychologists, convened in London and attended by one of us (CT), it was recommended that humanitarian work psychology be applied directly to dual salary systems.

The differing salary ratios between Malaŵi and Uganda afford us the opportunity to compare their effects on motivation and justice. Notwithstanding country and contextual differences, this comparison suggests that larger remunerative discrepancies might result in greater demotivation and sense of injustice in the workplace among the lower remunerated. If this result holds across other countries and contexts, it will have important implications for aligning aid remuneration discrepancies more generally.

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