

Motivating and Rewarding a Global Workforce

By Bob Nelson, Ph.D.

U.S. companies continue to expand their operations globally at breakneck speed. In the process of going global, one of the most significant challenges organizations face is learning how to motivate, recognize, and reward people of all cultures.

The key to success lies in understanding the cultural attitudes and business practices of other countries. Companies that foster cultural sensitivity and help workers from varying backgrounds feel comfortable can increase employee productivity and job satisfaction.

Since the beginning of the decade, US corporations have invested \$400 billion abroad and employ more than 60 million overseas workers; also, more than 100,000 US firms have engaged in global ventures valued at more than \$1 trillion. In a recent International Relocation Trends Survey report by Windham International and the National Foreign Trade Council, 61% of surveyed companies increased their expatriate population over the last five years and 85% expect continued or increased expatriate activity.

Cultural sensitivity essential for global success

Over the next decade, almost all real economic growth will occur outside the United States and Europe. As ethnically diverse workforces continue to become a significant part of our new business reality, sensitivity to the cultural and business practices of other nations will be critical. To successfully motivate a global workforce, it is essential that U.S. corporations put aside

their assumed superiority of American business practices.

“One of the stepping stones to a world-class operation is to tap into the creative and intellectual power of each and every employee,” says Harold A. Poling, former Chairman and CEO, Ford Motor Company. The best way to do this is to energize employees by using rewards and forms of recognition that are meaningful and motivating to the individual regardless of that person’s nationality.

In America, most companies use individual public recognition, rewards, ceremonies, and bonuses. “Employee of the Month” awards, gift certificates, time off and other incentives are also used to motivate and reward employees. As organizations cross borders, however, they are learning that what motivates their American employees might not work for their counterparts in Latin America, Asia or Europe. Worse, the same action might be inappropriate and result in the opposite effect on an offended employee.

In Germany, for example, business is serious and workers are conservative and very private. Rather than an energizing force, public ceremony and recognition of accomplishments would tend to embarrass the German worker. Other cultures look at the American focus on praise and recognition as a weakness. “Why are Americans so insecure about themselves?” an Asian businessman might ask. “Why do they have to be reassured about everyday activities they were hired to do?”

Companies must move beyond U.S. borders toward a multicultural mindset. Some recognition practices can be standardized across many countries -- they just need to be managed locally. For example, the New York-based Colgate-Palmolive Company conducted a global review of its performance-evaluation systems to ensure that all tied in with the company's underlying premise of respect. While parts of the performance evaluation system easily transferred abroad, the company made revisions to reflect the cultural differences of various countries. For example, the company ran a pilot survey in Brazil, sent out in translation. One of the questions, "Do you feel you receive equal opportunity in the organization?" presented difficulty because the term "equal opportunity" was unknown. In response, Colgate rewrote the question: "Do you feel you're treated fairly?"

Instead of exporting the American approach, Colgate-Palmolive attempts to blend the two cultures. Ron Martin, director of global employee relations, says, "We want people to understand the Western piece, but we have to maintain objectivity and say just because we do something a certain way doesn't mean that it's the only way it can be done, nor that it's the right way to do it. It's taking a look at all people and everything that makes them different from each other as well as the things that make them similar."

While some recognition practices are manageable across multiple cultures, this is not usually the case. U.S. corporations must overcome the assumption that American views and business practices are universally held. "In the United States we've made a mistake thinking that because we're U.S.-based, what's good for us is good for everybody around the world," says Carol Kaplan, manager of global compensation and benefits at Applied Materials, Inc. "What

happens then is that we export programs that aren't culturally sound and then end up creating animosities toward corporate headquarters." In fact, from one country to the next, the list of differences is significant: our perception of time; our future orientation; our strong business focus on profit; and our view of relationships. In the U.S., for example, change is often viewed positively and is seen as progress and strongly linked to future success. In contrast, the cultures of Europe and

Asia are steeped in history and tradition, and great pride is taken in doing things the same as previous generations. Countries such as France and India value stability, continuity, and tradition -- factors which are not as strongly valued in typical U.S. businesses. In more traditional cultures, change is considered a disruptive and destructive force to be avoided if possible. To effectively recognize employee contributions in these countries, employees would likely prefer recognition for upholding the values and traditions of the organization. Praising them for enhancing the reputation of the company or for their loyalty and years of service will show these workers that you understand and value their culture -- and will recognize them in a way that is meaningful and motivating.

Adjusting rewards and recognition for local cultures

Sensitivity toward local attitudes and customs, cultural expectations, economics, political situations and the history of the countries in which they are operating is critical to creating a successful global rewards and recognition program. U.S. companies cannot transfer American customs and business practices into the global market and expect them to be successful. There are many cross-cultural issues that need to be addressed, including different styles of

managing, communicating, giving feedback and negotiating.

Understanding the way a particular culture drives behavior will indicate how companies should energize and reward a diverse workforce. Some areas with significant differences across borders include:

Time

Attitudes toward time vary significantly from one country to the next. In the U.S., time is a major driving force, a precious resource not to be wasted. Americans are always in a hurry. Foreign visitors sense that Americans are more concerned with getting things done on time than with developing meaningful relationships. As a result, Americans are much more abrupt in their business dealings. They conduct meetings, review agendas, and make snap decisions with an eye on the clock. Most of Northern Europe is also time-sensitive.

In contrast, much of Latin America, Africa, and the Middle East have a more casual view of time. In these countries, greater emphasis is placed on developing relationships. In Mexico, for example, it may take several breakfast or lunch meetings before people feel comfortable with you as an individual and are ready to begin conducting business.

U.S. companies operating in countries where “time” is not a controlling factor and relationships are greatly valued will need to consider these differences when determining how to reward and recognize employees. For example, company policies that reward employees for meeting timeliness standards might be modified placing more emphasis on the desired results, not on how they were obtained.

Communication

Americans typically prefer an open and direct communication style -- - considering anything other to be dishonest and insincere. In Sweden, a direct approach is also valued as a sign of efficiency, but unlike the U.S., heated debates and confrontations are very unusual. The Swedish business culture strongly favors compromise and individuals will not risk the feeling of consensus and agreement. In Germany, Sweden, and Switzerland, business is serious and humor is not generally a part of business. In Asia, company leaders are expected to be sensitive to the feelings of subordinates and understanding of others' needs.

Eye contact is another important aspect of communication -- - and one that is important to look at by culture. For example, in France, direct eye contact is a frequent and intense part of communication, as it is in Latin America, much more so than in the U.S. Direct eye contact in other cultures would be considered challenging and aggressive. For example, in Japan, direct communication and eye contact is considered a sign of disrespect.

By understanding the cultural differences in how people communicate, companies can more effectively recognize and reward their global workforce for their contributions. For example: Finnish and German employees tend to prefer written communication to face-to-face interaction. In these cases, a letter recognizing employee accomplishment would be most effective. Japanese employees usually prefer quiet recognition. Open praise at a staff meeting will generally not be effective, nor would singling out individuals for praise in public. In Mexico and Latin American countries, communication is open and personal, with a strong emphasis on developing relationships. Recognition of employees' contributions, particularly

relationship-building successes will be well-received.

Action/Work Orientation

While companies in the U.S. have taken some steps toward creating a “family friendly” work environment, the prevailing attitude is still that Americans live to work and a significant part of most Americans’ identity is determined by “what they do for a living.” Americans typically believe that leisure activities should assume a relatively small part of a person’s total life.

Respect for the individual’s family life is generally greater outside the U.S. In Latin America, the Middle East, and Africa, there is a clearer division between work and family. In Mexico, the family is of vital importance and issues affecting the family take priority over work. In many Asian and European cultures, the family is viewed as an essential institution and treated with high regard. For example, in Singapore sustaining traditional values and family strength are seen as intangible factors in the success of East Asian economies. In these cultures, economic and social progress is viewed as being inextricably linked. However, in Asia, work is often viewed as an extension of the family, that is, the division between work time and private time is blurred. A Japanese company often expects employees to work late or on weekends, entertain business guests on weekends or send employees on business that involves personal time.

There are a variety of ways to recognize employees that will underscore strongly held family values:

- Write a letter acknowledging an employee’s accomplishment and send it to the employee’s family.

- Allow time off, or at least a flexible work schedule, so employees can attend to family matters.
- Send birthday cards, get well cards, and flowers when appropriate to family members.
- Hold “open houses” at work and invite family members to company celebrations.
- Grant time off to volunteer in child’s classroom or to attend school field trips or sporting events.

Competition vs. Cooperation

Americans tend to believe that competition brings out the best in individuals. As such, contests and public sharing of work progress is often the norm. Americans conduct business at rapid speed with intense focus on results, and are often compelled to make decisions quickly without soliciting input from other employees, clients, or vendors. And although many U.S. companies are striving to be more participative, many still tend to hold most power and authority in top executive levels.

Many cultures outside the U.S. promote cooperation and teamwork over competition. For example, in Sweden and Japan, a good manager is seen as a coach who leads his employees through cooperation and agreement, not through his power and position. In many European and Asian companies employee input is sought on nearly every business issue, often starting with the workers’ opinions. And in Japan, participative management in decision making within business is well-documented.

To be successful in many countries overseas, U.S. companies need to shift the focus from valuing individual contributions to recognizing the value of teamwork and cooperation for obtaining desired results.

Recognizing employees with these values for their ability to work together -- to make group decisions, to offer team suggestions, to manage themselves -- will show that you understand their culture and will motivate them with recognition that is meaningful and powerful. For example, Japanese employees will be pleased to be valued as a team player, but not for individual successes that put the employee above the group. Compliments within the workplace would be much more indirect. For example, a manager wishing to compliment a subordinate could ask an employee's opinion or he could invite him to a meeting he would not normally be invited to. So, to effectively reward employees for their successes, it's important to understand the cultural differences that influence employee contributions.

The Payoff: An energized, diverse workforce

Many companies already understand the importance of a reward system that recognizes the contributions of all employees. As U.S. companies become increasingly more global, differences between American style business practices and those of other cultures will become magnified. To be successful, organizations need to be flexible and willing to adapt their way of thinking. This means putting aside our vision of the world as we know it and working to understand the dynamics of the culture we are operating in. That's the challenge U.S. companies face.

Regardless of our differences, unleashing the power of a workforce that feels motivated, challenged, and supported is the only true way for a company to attain success in today's competitive, global environment. Hal Rosenbluth, CEO Rosenbluth International says, "The highest achievable level of service comes from the heart, so the company that reaches its people's hearts will provide the

very best service." With almost all real economic growth over the next decade expected to take place outside the U.S., learning how to inspire, recognize and reward a multicultural workforce can mean the difference between success or failure for any global company. Companies that find ways to build on common denominators among cultures will be better able to motivate their employees and will reap the benefits of an energized workforce.

SIDEBAR

Michael Losey, president and CEO of SHRM pointed out that the lack of global experience among HR executives could have profound implications as U.S. companies head into the new global business era. As he stated it: "HR policies will be influenced more and more by conditions in other countries and cultures. HR managers will need to sensitize themselves and their organizations to the cultural and business practices of other nations."

Understanding what motivates employees in different cultures is essential to the success of U.S. corporations doing business globally. The following are some of the issues companies should look at when considering ways to motivate, recognize and reward employees in different cultures.

Japan

Individual recognition programs have not worked well because Japan has a collectivist culture and workers do not want to be conspicuous. Individual pay for performance is considered potentially disruptive to pleasant working relationships and is not used. Instead, year-end bonuses are given based on loyalty, years of service, and one's family situation. Team awards have been effective -- some include salary increases and

an allowance system as incentives for outstanding performance.

Korea

Korean government has a long tradition of prize and discipline incentive systems to enhance productivity. Few group incentives are used. Employees with service over 20 years can receive a special award of 10 days paid leave.

Asia and Middle East

Teaching is considered the most important thing a person can do. The managers' role is seen as a teacher and facilitator – someone who helps those around him learn. For instance, in Asian corporations, particularly Japan, the manager is always present when a subordinate is being trained. This indicates that the manager believes the learning is important. In these cultures, it is important for an employee to be seen as a whole person—with needs beyond professional and technical ones. This is also true for Africa.

Scandinavia

Employees have a voice in management decisions, particularly those that relate to compensation, safety and capital expenditures. Training begins when employees start new jobs. It is also important to incorporate new employees into the corporate culture.

Sweden

Management is based on the premise that the individual is willing and able to do a good job. A Swedish manager is generally thought of as a coach – motivating staff, leading employees through principles of cooperation and agreement and is a good listener. Getting emotional when discussing a problem is considered inappropriate. All employees have the freedom to make decisions and solve unexpected problems without asking permission from superiors. Sweden has a high rate

of employed women and a reputation for having a high ratio of family-friendly men who are seeking a better integration of work and family. Thus, there is a broad acceptance of home-based telework.

Australia, Austria, Germany, France, and Brazil

Employees with one year of service are automatically given 30 days paid vacation.

Latin America

Companies are very concerned about the family and family values. When companies hire a person, it's as if they are hiring the entire family.

Russia

Money is the most important factor in determining whether a Russian will take and keep a job -- - but it is not the only one. Russians want benefits such as pension plans, healthcare, regular performance reviews -- - and lunch. In Soviet times, most offices had a cafeteria, which offered a modest midday meal for a pittance.

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