

OVERCOMING CHALLENGES TO RECOGNIZING PERFORMANCE IN A MULTICULTURAL WORKFORCE

A white paper presented by the Incentive & Engagement Solutions Providers (IESP)

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INTRODUCTION

In today's ever-expanding global economy, multinational companies with culturally diverse employee groups need to adopt new and creative ways to engage employees and reward performance across their organizations.

Case in point: a joint SHRM-Globoforce study found that 84 percent of respondents identified managing multiple cultures in the workplace as a "significant challenge." This report is intended to help readers identify key challenges as well as best practices in international recognition to create a unified, global workforce, aligning employees from multiple generations and multiple cultures around a company's core goals and values.

PERFORMANCE RECOGNITION CHALLENGES FACING MULTINATIONAL ORGANIZATIONS

Consistency, equality, relevancy, local sourcing, and adherence to government regulations rank among the top challenges recognition professionals and their client companies are facing when building recognition programs across a global scale, according to contributors to this report.

"Typical challenges we've encountered stem from the need to recognize and reward employees consistently following the same business rules and recognition guidelines and at the same time offer an equal type of reward experience," says Jessica Lindahl, director of customer operations and solutions at Certif-A-Gift Co. She and other experts point to the need to establish single-point platforms for recognition which creates a controlled budget, recognizes employees at equal intervals, and provides an equal reward choice to assure fairness and consistency.



Robert Purdy, founder and CEO of Carlton One Engagement, identifies "global parity" and "global reward selection" as two very common challenges in building a successful global rewards system.

"Global parity," says Purdy, "speaks to the challenge that international companies have when they budget for the value of their reward offers within each country." To overcome this issue, Purdy says "companies have integrated a cost-of-living index into their recognition platform to help them determine what, for example, 50,000 points should be worth across all participating countries around the globe."

As for reward selection, Purdy notes that "this remains a real issue for many companies because the process of delivering a broad selection across 200-plus countries is a daunting task." He notes that the most common solution in the past was to simply issue a gift card or global VISA card in the hopes that the recipient can use the card locally, which isn't always the case.

"As a result, international employees had very little to choose from in terms of

rewards offers and they were left to feel like second-class citizens." Purdy points to successful programs which incorporate a broad rewards selection that includes all reward types from locally sourced and delivered merchandise, retail gift cards, digital media (music, books, movies, magazines) and global travel, which, according to Purdy, has become a strong reward offer.

Delivering locally-sourced rewards, he adds, ensures that rewards will appeal to employees within each country because the content is sourced locally. "By working locally, we can ensure far better value, faster delivery timelines, plus all rewards will be culturally more relevant."

Michael Donnelly, president of Hinda Incentives, underscores the importance of localization, as well as equality and presentation.

"Within the last two years or so, more and more companies are realizing that these employees need to be treated 'on par' if not better than domestic participants and employees." According to Donnelly, "it's about making recognition appropriate and meaningful to the

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employee, and being able to provide rewards that provide local in-country ease, choice, and value, and delivered in a form and fashion that is a truly rewarding experience, with personal notes and brand/company packaging.”

He adds, “It takes extra effort and communications to deliver a truly rewarding experience, but it’s worth it, just like your employees are.”

Cross-border delivery and taxation issues also rank among top challenges facing the recognition industry and their client companies.

“If there is one area that our industry is at risk today, it’s the whole subject of global tax compliance,” says Carlton One’s Purdy. “Failure to report tax is often a major crime with most countries globally, so avoiding the tax dialogue isn’t something CEOs can ignore. What’s interesting is just how few global program managers ask about tax compliance. However, we are seeing full audits in countries like China, Brazil and the EU where tax compliance is an extremely hot topic, and where companies are being asked to provide proof of compliance. These are often triggered through a single employee audit related to taxable benefits, which can escalate directly to the company running the reward program.”

Fintan Connolly, global e-commerce manager at Globoforce adds, “When thanking and recognizing employees, it is important to pay close heed to tax and government regulations, legal liabilities, and best practices. A formal recognition program with audit and compliance controls can significantly help an organization mitigate liability and stay compliant.”

WHY UNDERSTANDING CULTURAL DIFFERENCES MATTERS

Connolly adds, “In today’s global world, it is important to build incentive pro-

grams with reward options that take cultural differences into account. In giving rewards that are relevant to specific cultures and geographies, employees feel more respected and appreciated while also gaining a greater sense of how attuned the organization is to their needs.”

Connolly suggests that companies address several questions when mapping out an international rewards and recognition program. “How many languages (and in how many dialects) do the employees speak? How many currencies do they use? How mobile is the staff? Can the organization ensure equitable rewards that automatically conform to standard of living indexes, and is it possible to cost-effectively get those rewards to the employees without issues at border crossings?”

“Additionally,” Connolly notes, “if an organization has a global presence or a distributed mobile workforce, a formal recognition program contributes to a better employee experience and helps promote a more inclusive workforce.”

WHERE MULTICULTURAL RECOGNITION HAS WORKED

Contributors were polled to identify several performance recognition programs that have been successfully launched on a global scale. Here are a few examples:

Pharma firm’s prescription: single recognition platform. A major pharmaceutical company required new, ongoing and innovative ways to engage as well as retain employees in their high demand, fast-paced industry. They also faced the challenge of administering such a program, for more than 100,000 employees, in nine languages across 31 countries.

The company chose to consolidate all its recognition programs into a single, web-based platform, with consistent criteria for recognition across all regions and business units. This platform pro-

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vided the company with cutting-edge software, global reward and fulfillment capabilities, speed to launch, and ease of adapting the platform to different business groups.

Veterinary care company seeks recognition that resonates. An animal health care company with 2,600 employees across 40 countries realized from the start that a recognition reward is an individual need, not a “one size fits all” gift, and that rewarding without recognizing the contribution made by the employee is useless. After pinpointing gaps in their recognition strategy, including the challenge of managing three separate programs, they realized that their efforts were inconsistent and lacked cohesion.

Their solution was to consolidate the three programs into a single-source system which benefited the company with low start-up costs and the ability to manage a single annual reward and recognition budget. The new single-source system now provides a diverse range of rewards to meet individual needs, the ability to engage recognition at every level of the organization, and the ability to promote achievements to the wider organization, all in real time. Company executives report the new system has resulted in a positive, “seismic change” in culture.

New system ‘in store’ brings returns. A North American-based retailer with hundreds of locations was struggling with diversity, geography, and lack of organization, control, and budgeting. The firm turned to a recognition expert to create a comprehensive program which enabled the retailer to increase the frequency of rewards, including “on the spot” rewards, recognizing that timeliness is critical. Reduced costs resulted, as well, with a controlled budget, and every recognition activity tracked within their system. Most significantly, all these initiatives have reduced staff turnover, a persistent problem in the retail industry.

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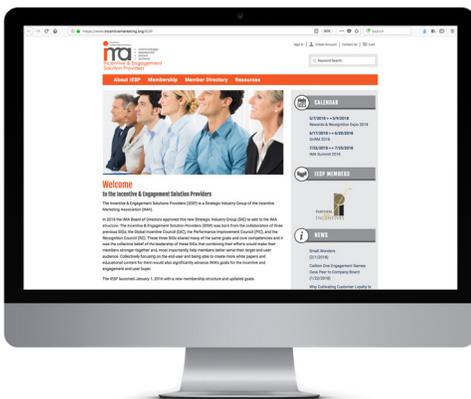
ADVICE FROM THE EXPERTS

How can companies dealing with a diverse workforce begin to build a successful reward-recognition system? Our contributors offer the following takeaways:

“It is very important to spend a lot of time within the discovery phase of a project so you understand the specific cultural differences and diversification needs of an organization so you can develop a program which can be supported equally and successfully.”
 – Jessica Lindahl, Certif-A-Gift

“Half the battle of running successful multicultural programs is doing the prep work before launching the program. Asking the right questions about culture, language, and award shipping destinations will allow companies and their suppliers to prepare properly. The good news is that there are more tools than ever to work with, such as multi-language call centers, translation software, regional award fulfillment houses, to name a few.”
 – Brian Galonek, President, All Star Incentive Marketing

“To establish a truly global program, it is important to ask the right questions when selecting a recognition partner. We strongly recommend designing a global program that is highly desired by all employees regardless of location and launching that program to all employees in one step.”
 – Fintan Connolly, Globoforce



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