

# Boosting Productivity Through Recognition Requires Cultural Understanding

*By Mary Beth Lamb*

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All recognition initiatives are not created-or viewed-equally. Following are examples of potential incentives gone awry. These initiatives actually served as dis-incentives, rather than incentives, to a substantial portion of their organizations' global workforces. Discover why cultural misunderstandings can be one of the key pitfalls in unsuccessful cross-border operations and what to do about it.

## Situation One

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A Fortune 50 company decided to hold a contest to identify and recognize its best global sales and marketing initiatives. It announced a global contest in which employees could submit a written summary of a marketing or sales initiative they had spearheaded that yielded outstanding results for the company. After a tough screening process, a global jury would pick 25 initiatives as award winners. A person representing each initiative would receive a free trip and a slot in a highly coveted three-week recognition and professional development program at the company's headquarters and several other sites around the United States, including the company's five-star private resort.

Initial response to the competition was overwhelming-except that 10 of the company's 35 country-specific subsidiaries submitted no entries at all. Puzzled by this, the competition's organizers contacted the managing directors of the countries that did not participate. The directors all had the same response. They and their employees had found the initiative offensive and, ultimately, a de-motivator. Their employees would never participate unless a fundamental change was made.

## What single change did all of the nonparticipating countries want?

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The 10 countries that did not participate wanted the entire team (not one individual representing the team) to receive the benefit of any award. Since these teams recognized that this would mean incurring additional costs, they suggested the company pick fewer teams or significantly reduce the length and luxury of the program to compensate.

Research shows that this perspective is not unique. Approximately 80% of the world's cultures are collectivist or group-oriented. Collectivist societies support the group's interest before the individual's because in a collectivist society a person's identity is determined by group membership, not by his or her individual qualities. By rewarding and recognizing one member of each team, this program would actually destroy the team's effectiveness-defeating the purpose of the award program in the first place.

## Situation Two

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A *Fortune 200* clothing manufacturer opened a new factory in Central America. The company implemented the same two-part reward and recognition program for garment workers there as it had in 15 existing plants throughout North America. In North America, the program had measurably contributed to increased productivity and morale and decreased turnover rates. The program worked by calculating employees' productivity by counting the individual pieces completed by each garment worker daily. The garment worker with the greatest number of pieces completed each week was asked to stand up at the weekly company assembly and received a round of applause, a green baseball cap that said "I'm Number 1" and a paid day off of work. About three months after this initiative was launched in the Central American country, almost 40 percent of the garment workers had quit. During exit interviews, several of them

alluded to this program as the reason they left, even though many of them had actually won the weekly recognition program.

## **Why were the most productive employees quitting?**

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As in our first situation, the preference for group-orientation is a key cultural dimension that impacted the Central American garment workers' motivation. By publicly acknowledging individuals who were excelling, the factory was actually de-motivating the most productive workers. After being singled out, these top workers were no longer able to be an effective part of the team, which is central to how this culture functions. Therefore, factory productivity actually sank to a new low.

Because their desire to maintain group membership was so great, the workers who received the awards actually started reducing their output and soon became the least productive workers. Meanwhile, because the other workers also had no desire to be singled out and, subsequently, isolated from their fellow teammates, they, too, decreased their productivity.

The green cap awarded to the most productive employee was actually an extra deterrent. In this particular culture, the color green carries a negative connotation.

## **What new recognition program did this company institute instead to significantly reduced turnover within 30 days?**

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In response to this knowledge, the company implemented a factory-wide reward program. The company began to measure the combined productivity of all garment workers and it posted a single factory productivity chart. This metric was then compared against the productivity at similar factories in the United States and then around the world. This measurement inspired a friendly factory- and country-based competition instead of pitting individuals within the same factory against each other.

The garment workers were asked what reward would be most motivating. Instead of a paid day off, they asked for English language tutoring for all factory workers so they could improve their skills and advance their careers. In addition, they suggested that at the end of the year, if their factory showed a specified productivity gain, they would receive a free company picnic as the reward. This reward reinforced a second cultural difference: the strong tendency of some cultures to be motivated by relationships (including the family) as opposed to individual achievement (the paid day off for one person).

Both rewards highlight a third cultural dimension critical to understand when working across cultures: some cultures have a tendency to focus on the short-term-in those cultures, the immediate paid day off is a powerful motivator. In other cultures, such as this one in Central America, there is a greater tendency to focus on long-term orientation-thus, the desire for team language tutoring and the willingness to delay gratification for a company picnic at year's end.

## **Culture counts**

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By acquiring a cultural toolkit of key differences that are important in business, we become more culturally competent and have a better chance of understanding what motivates and rewards different people. By understanding how culture impacts behavior, we show respect for

our fellow employees, improve performance, and, surprisingly, may even decrease costs.

The goals of corporate recognition initiatives are numerous. They range from increasing retention to improving morale; to a desire to acknowledge excellence; to a hope of retaining, motivating, and inspiring all employees to higher levels of innovation, creativity, and human performance.

However, in the real situations cited here, the recognition programs actually increased turnover, reduced productivity, and severely impaired morale. That's because it was assumed that all people are motivated and want to be recognized the same ways. Intercultural research and years of real experience with global organizations around the world show that this is not the case.

Cultural misunderstandings are one of the key pitfalls in most unsuccessful cross-border operations. In a recent study, 1,500 executives from global corporations were asked to rate their performance in 34 areas. The respondents rated their "ability to cultivate a global mind-set in their organization" as dead last-34th of 34 dimensions.

So how do we stop making such costly and relationship-ending mistakes?

Building cultural competency is key. It's as simple as this basic equation:

## **Global Mindset + Global Skill Set = Global Competency**

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Employees with any kind of cross-cultural interaction must develop a global mindset (e.g., I understand HOW and WHY people think, act and communicate differently around the world) and a global skill set (e.g., I have frameworks, tools and a common language to help me bridge and leverage cultural differences. As a result, I can maximize individual and team performance and achieve peak results for my organizations).

Some of the cultural dimensions outlined above provide a hint to how to acquire cultural competency. Although there is no sure recipe for global business success, cultural competency can be developed. Improved business performance and employee satisfaction, as well as increased return on global investment, are just some of the bottom-line benefits.

Here are some simple steps global companies can take to ensure that their recognition efforts don't backfire:

- 1) **DON'T** assume all people are rewarded and motivated by the same things.
- 2) **DO** choose people to build your recognition programs who understand-or who are willing to get coaching to understand-how culture impacts perceptions, values, and behavior.
- 3) **DO** take time, before you create a corporate recognition initiative, to find out what actually motivates, inspires, and energizes all possible program participants.
- 4) **DO** build a recognition program or process after taking all employees' suggestions into account, regardless of their degree of involvement or country's percentage of corporate gross revenues.
- 5) **DO** use your own employees as part of your global focus group to ensure that your design is

on track.

**6) DON'T** expect to get it right the first time. Keep evaluating the initiative on a regular basis and use your global focus group to refine and improve your efforts.

**7) DON'T** lose heart. Global recognition programs are possible, but they may require more planning, careful positioning, and some tailoring to regional or local needs.

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