

Feature: Good Intentions, Lost in Translation

Good Intentions, Lost in Translation

Incentives are catching on overseas, but the value of awards can be misunderstood. Cultural and economic factors affect how they're viewed

By Irwin Speizer

It's a fairly common reward for five years of service, a clock to signify valuable time spent on the job contributing to a company's success. But for a multinational corporation with workers in China, giving a clock can be the ultimate faux pas.

The word for clock can also suggest funeral or death. Instead of being a symbol of thanks, the clock's message could be interpreted as "Drop dead."

As U.S. companies continue outsourcing jobs to China, India and other Asian countries, figuring out how to structure incentive and reward programs can pose unexpected complications. Cultural and language differences are just one area for potential problems. Shipping logistics can wreck a plan to send gifts across national boundaries.

Large cost-of-living differences require careful consideration of reward values. And differing lifestyles and standards can dictate different types of rewards, especially in less-developed countries where basic household necessities are considered far more valuable than trips to exotic locales.

"First of all, do not unilaterally assume that what rules and communication channels that you use in the U.S. apply here," says Eugene Lee, CEO of SurfGold, a reward and incentive contract company in Singapore that works on both employee and customer reward programs in Asia.

Lee is an incentive program specialist who works closely with St. Louis-based Maritz Inc. He has seen a dramatic rise in the use of employee incentive programs across Asia corresponding to the outsourcing wave that has swept U.S. companies.

Lee says workplace incentives began taking hold in Asia about five years ago, and are still considered a new and novel technique in many places. "The whole incentive recognition of employees is really just becoming a tool in this part of the world," he says.

That makes it tricky for U.S. companies trying to establish programs that will reward valued employees for top performance. While the object of an incentive program is essentially the same in Asia or the U.S.--to encourage loyalty, productivity and quality work--the actual rewards can be markedly different from culture to culture.

For example, in the U.S. a top sales performer or producer might be rewarded with a luxury item like a Mont Blanc pen or an expensive watch. But in India or China, where the standard of living is just starting to rise and where bicycles are still an essential mode of transportation, a company might do better spending \$1,000 to buy a motorbike for a top

employee. "You might not give a mo-ped away in the U.S.," Lee says, "but giving a mo-ped in China or India is a huge thing."

Asia is the latest challenge for a system of worker incentives that has been evolving since the 1950s, when U.S. companies would give a loyal employee a watch or briefcase in appreciation for long, faithful service. As companies tried to boost performance and loyalty with incentives, the rewards rose in value and grandeur.

Spending formula

There is considerable debate these days about whether incentives and rewards work, which programs are most effective and how much a company should spend to get its message across.

Eric Mosley, CEO of Globoforce, an international incentives company in Boston, says the amount that companies should spend to get the attention of workers is not insignificant. A good rule of thumb, he says, is to spend 1 percent of payroll on incentive programs.

Taking into account regional cost-of-living and salary levels, 1 percent should be a lower dollar amount in Shanghai or Mumbai than in San Francisco or Paris. Mosley figures a multinational company with extensive operations in China or India should be able to cut its reward budget by up to 15 percent by simply applying a cost-of-living index for specific locales. "One company saved 26 percent," Mosley says. "They happened to have a lot of manufacturing in Asia."

The International Society for Performance Improvement estimates that U.S. companies spend more than \$100 billion annually on incentive programs. If just half of that spending--\$50 billion--is by multinationals that aren't properly tailoring their incentives to regional price levels, then according to Mosley's calculation, those companies may be overspending by 15 percent, which translates to \$7.5 billion in unnecessary incentive expense.

Rewards themselves can be markedly different from culture to culture.
"You might not give a mo-ped away in the U.S., but giving a mo-ped in China or India is a huge thing."
-- Eugene Lee, SurfGold

Maritz uses a standard currency calculator to convert the value of \$100 into foreign currency. In China or India, it takes just \$20 to buy what \$100 does in the U.S.

That doesn't mean reward programs should be structured to shortchange low-wage Chinese or Indian workers. It simply means that a human resources director sitting in a Chicago corporate office should be aware that a salesman in a developing part of China might faint with surprise if given a Rolex watch as a reward. The gift could be worth more than some workers in his area earn in a year.

"A lot of corporate people trying to set up these programs are combating the fact that their own external business units want to put in the same programs they have in the U.S.," says Kurt Hosna, international product manager at Maritz.

A company can still run a uniform reward program designed to fairly and equitably reward workers around the globe. But while the general standards of excellence might be similar from country to country, the actual rewards should be tailored to local situations, including living standards and local customs.

"Plan globally, achieve locally," Hosna says. "You have to do it by region and country. If you

don't do that, you will see it flop in certain areas where the culture wasn't understood or the economy wasn't understood."

Tailoring travel

Paying close attention to religious affiliations can be crucial, says Judy Jackson, who runs the international destination and industry relations arm of Maritz. An incentive travel package for U.S. workers might entail a trip to Las Vegas or Atlantic City, with a bottle of wine placed in the hotel room.

But a company should be very cautious about booking a trip like that in parts of Asia or the Middle East. "A lot of religions don't value alcoholic beverages," Jackson says. "And gambling may be something that is taboo."

Surfgold's Lee notes that travel awards for workers in the U.S., Europe and China would take markedly different approaches. U.S. travelers tend to like unstructured leisure getaways--a sunny beach resort, perhaps with golf and tennis included. Europeans tend to prefer adventure travel--a trip to an exotic locale with a rugged mountain hike or a river rafting trip.

In China, many workers have never traveled far from home. Lee says that if they do take a trip, they tend to prefer one that is highly structured--an organized group tour of a well-known place, complete with guides and a detailed itinerary.

**With an online rewards program,
"I don't have to worry about what the
local norm is in India, Russia or
Switzerland."
--Steven Rice, Hewlett-Packard**

Lee notes that much of Asia continues to be influenced by tradition and hierarchy. While a top manager might stroll onto a factory floor to bestow an award on a worker, that style might seem intimidating to some Chinese workers, where chain of command is important. Better the worker gets the word from his immediate supervisor than the big boss.

"In general, Asians are still fairly shy compared to Europeans and Americans," Lee says. "In most Western cultures, if a manager wants to talk to an employee, he just goes down and talks to him. In Asia, you would probably go through the hierarchy of communication. You have to respect that whole hierarchy when you communicate rewards."

Best motivators

One of the basic decisions in designing a reward program is deciding whether to give money, gifts or travel. Maritz suggests that noncash awards are more effective as motivators, and one of the most effective ways of doling out gifts is through a catalog system. Workers earn points for achieving specific goals and can then spend those points through a company reward catalog.

But again, catalogs should be tailored to local situations, with goods that are available locally and meet local standards. Shipping a toaster from a central warehouse is not only logistically difficult in Asia because of international border rules, it can also cause problems if the toaster is designed for U.S. electrical current, which can be different from the standard used in other countries.

One company with a highly developed reward system is Hewlett-Packard. The computer giant has 151,000 employees scattered among 178 countries. After Europe, the largest concentration of HP employees outside the U.S. is in Asia.

HP has developed an online reward system tailored for local differences. Called eAwards, the

system is designed for speed and ease of use, with translations into 13 languages. It allows a supervisor at just about any HP location to make an online nomination of an employee for an award recognizing exceptional work.

It requires only an online approval from an immediate superior for the award to be issued. Same-day turnaround is not unusual. The rewards themselves are constantly updated as a result of employee feedback, and different countries use different award schedules.

"In some countries it can be cash," says Steven Rice, vice president of global operations for human resources at HP. "In some countries it can be an HP product. In some countries it can be other merchandise. It gives you a portfolio that is tuned into the country and the local market. I don't have to worry about what the local norm is in India, Russia or Switzerland." wfm

Workforce Management, November 21, 2005, pp. 46-49 -- [Subscribe Now!](#)

Irwin Speizer is a freelance writer based in Pacific Grove, California. E-mail editors@workforce.com to comment.

[Home](#) | [Research Center](#) | [Community Center](#) | [Commerce Center](#) | [The Buzz](#)
[Benefits](#) | [HR Management](#) | [Recruiting & Staffing](#) | [Software & Tech](#) | [Training & Develop](#) | [Legal](#)
[Current Print Issue](#) | [Print Subscription](#) | [Subscriber Help](#) | [E-Newsletters](#)
[Contact Us](#) | [Site Help](#) | [Terms of Use](#) | [Privacy Statement](#) | [Rights & Permissions](#) | [Advertising Info](#)



Copyright © 1995-2006 Crain Communications Inc.
All Rights Reserved. [Terms of Use](#) [Privacy Statement](#)