

How to Reward a Multigenerational and Culturally Diverse Workforce

With four generations of employees in today's workforce and a global economy built on multicultural workforces, keeping motivation high is an ongoing challenge for global organizations. Rewarding — and therefore engaging — employees is critical.

When rewarding more than one generation across geographies, equity becomes essential. Equity in recognition takes into account the various standards of living around the world in addition to currency exchange rates when giving rewards. This reduces the cost of a strategic recognition program and also ensures

By Derek Irvine, Globoforce

QUICK LOOK

- ⇒ Managers must understand the dramatically different work styles, expectations, performance goals and personal-time needs of the four generations that make up today's workforce.
- ⇒ Managers must step carefully to get the best effort from all team members, while honoring and respecting cultural norms in work styles.
- ⇒ Strategic employee recognition programs enable organizations to personalize the reward process and appeal to the multiple generations and cultures that characterize today's workforce.



that the total value of the rewards the employees receive is equitable.

For example, \$50 in the United States might buy a nice dinner for two, but if that same \$50 was spent in India without any adjustment for the standard of living, a person could eat out for a week. So a manager giving a \$50 reward to a team member in the United States would give an equivalent-value reward of only \$15 to the team member in India. This ensures companies are appropriately and proportionally rewarding employees for the level or quality of work demonstrated.

Remember, when deploying a recognition program, generational and cultural

differences should be value-driven, so it is important to understand work-related values when designing reward systems.

Engaging Four Generations of Employees

To create a high-impact multigenerational rewards strategy, managers must first understand the dramatically different work styles, expectations, performance goals and personal-time needs of the four generations that make up today's workforce (see Figure 1).

- **The Silents or War Generation** (born 1925-1945) and the **Baby Boomers** (born 1945-1964) may be

of retirement age or nearing it, but many are choosing to continue to work for various reasons.

- **Generation X** (born 1965-1981), also called the Sandwich Generation, has both children and aging parents to care for while also balancing careers.
- **Generation Y** (born 1981-2001), also known as Millennials, is taking the workforce by storm with vastly different expectations of the workday, bosses and their contributions.

For the past decade, managers and recruiters have been told to expect a drain on resources as workers from the Silent and Boomer generations retire. However, just as many studies, reports and articles have been written about these employees' desire to keep working but on their own terms, with adjusted schedules and more flexible assignments. Also noteworthy: Silents and Boomers are accustomed to being given an assignment to complete within specified guidelines and do not necessarily expect feedback other than to verify the project was completed as required.

Generations X and Y, however, need a direct communication style with timely feedback, frequent encouragement and recognition of their efforts. These generations are more team-oriented, enjoy change and need to respect their leaders to follow them. Members of Generation Y — sometimes called Generation "Why?" — especially need understanding of the value of their work. This generation has a deep-seated desire for work to be meaningful and connected to the bigger picture — something larger than merely the task at hand.

Engaging Employees from Global Cultures

Managing globally dispersed teams is no easier. In multinational corporations with teams drawing on resources from numerous countries and in companies

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that have extensive global suppliers or outsourced networks, managers must step carefully to get the best effort from all team members, while also honoring and respecting cultural norms in work styles (see Figure 2). For example, appropriately motivating and recognizing members of a team becomes complex when some members place greater value on working long hours, while others value completing work tasks efficiently to allow for more personal time.

When looking at disparate employee cultures around the world, China is an interesting study. Engaging a workforce in China requires a vastly different approach than many countries in the westernized world, making it an ideal country to study and learn from. As cited by T. Jackson and M. Bak in *Foreign companies and Chinese workers: employee motivation in the People's Republic of China* in *Journal of Organizational Change Management*, Chinese workers are often characterized by three worker attributes:

1. **Power distance** — The power gaps in China are far bigger than most countries in the distance between the highest level of employee and the lowest. The lowest-level worker will likely have zero interaction with management at Chinese

companies, making a rise in power appear even more distant. This characteristic means it is more challenging to communicate a company's values or goals to employees in China due to their perceived power distance.

2. **Uncertainty avoidance** — China's past was largely governed by a strict social order. This results in a risk-averse culture in many Chinese companies/divisions. A company with a strong sense of entrepreneurialism and risk-taking would likely have a more difficult time forcing this type of culture in China or using this as a form of motivation.

3. **Collectivism** — Chinese workers are more motivated by group recognition, given the collectivism that exists in Chinese culture. However, the gaining Western influence in China is an important aspect to monitor. While individualism and individual recognition was a not a strong motivator in the past for China, it is slowly rising due to a gradual westernization and expansion of the global economy into China.

Recognizing appropriately within the various cultures across a global organization requires a process and methodology that is flexible enough to allow for these differences, yet specific in philosophy and guidelines to ensure compliance with overall program objectives. For example, such specific guidelines would address what is recognized (such as actions that demonstrate the company values) or

how frequently recognition can be given, while the overall process allows for local team recognition in areas where personal acknowledgement may not be culturally appropriate.

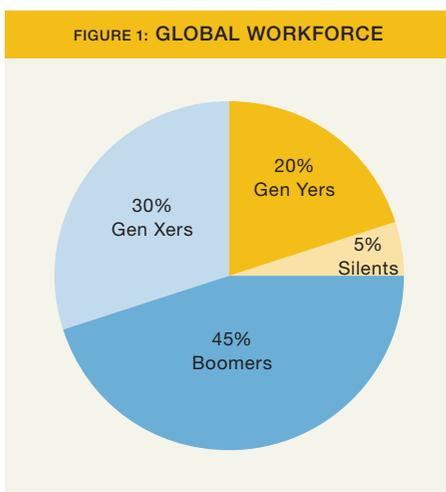
Redefining Recognition for the 21st Century

Successful recognition in the 21st century is a strategic initiative with actionable objectives and measurable results that weaves appreciation into the fabric of a company's culture. These programs are based on the company's values to convey the company's critical messages and a consistency of purpose worldwide. Strategic recognition is frequent and timely to meet Gen X and Gen Y needs while avoiding the micro-management pitfalls abhorrent to the Silents and Boomers. Well-executed recognition is available to all, equally. These five facets of strategic recognition address the unique engagement needs of the multigenerational and multicultural workforce.

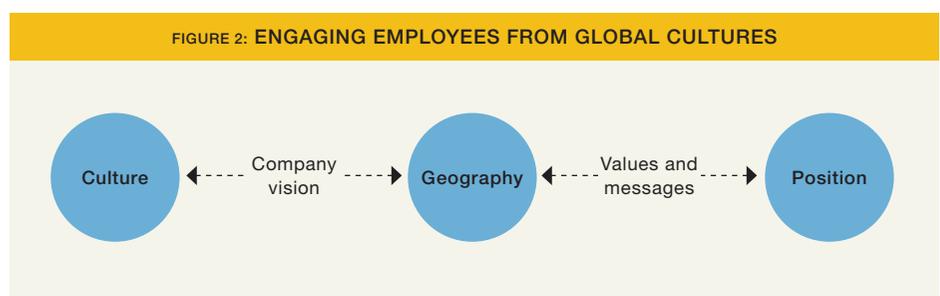
1) Make it Matter

The Deloitte/*The Economist* study, *Aligned at the Top*, found: "Many people find their work pointless and unfulfilling. They show up and do what's expected but that's about all. The result is low productivity, low morale and high turnover. One way to reverse this trend is to actively build and sustain a sense of personal and organizational mission."

Uniting multiple generations in a multinational corporation behind a



Source: Globoforce



single corporate strategy and with a consistency of purpose is not easy, but it is critical to long-term success. Leadership needs a consistent method to get employees behind the company vision and incite passion in them to fully engage in their work, the company and their customers.

This addresses the Generation Y need in particular for an understanding of how their work is meaningful and connected to something important. Silents and Boomers appreciate the obvious goal-driven aspects of a recognition program structured in such a clear manner. And, clearly defining what actions or behaviors are deserving of

recognition satisfies Gen Xers' need for fairness and equality.

This same applies to different cultures. Each country has its own personality, its own work ethic, its own way that employees value and approach their profession or job. Leadership needs to understand what drives its workforce and how its cultural beliefs influence each employee within that culture and country/region. For example, staff in China is less motivated by praise and recognition, whereas North American workers can be highly motivated by praise (when applied correctly). In addition, China's collectivist culture may negatively

influence the impact of an individual award, while in other parts of the world individual recognition can be a strong motivator for workers.

One meaningful method leadership can use is strategic recognition programs, which reward people for actions and behaviors that reinforce company values, advance the company's mission and execute on the strategy. This dramatically boosts employee engagement by showing employees their worth within the organization as it relates to the company mission.

2) Reward Frequently and in a Timely Manner

A key consideration of strategic recognition is speed. The recognition moment should closely follow the act that is being recognized to ensure the act is top-of-mind for the recipient and he/she fully understands why the actions were appreciated and aligned with the company's values. For example, world-class athletes often practice "muscle memory," whereby correct, repeated actions are positively reinforced by coaches and eventually memorized by their neuromuscular system. In this way, employees are the athletes, and managers are the coaches who reinforce their performance and help ingrain the correct action into their memory/system.

Frequency of recognition is equally important. The more awards given, the more visibility the program gains, thus creating more recognition moments. This ensures a majority of employees are involved, interacting about the company values and viewing critical company messages through the recognition program.

3) Give the Reward of Choice

Twenty-first century strategic recognition programs give employees the reward of choice, catering to the

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demographics of a global workforce spanning the four generations and those generations' unique needs and desires. Locally based choices go a step further to ensure the reward will always be culturally appropriate and to the recipient's taste, while avoiding the varying cultural norms that simply cannot be known by every manager everywhere in the world. To help managers manage cultural and generational differences, companies may offer noncash awards in the form of gift cards to locally based businesses. Employees may earn points that are redeemable for rewards that are of interest and value to them personally. This takes the pressure off leadership to deliver personally relevant gifts and empowers employees to choose the reward that motivates them the most.

Noncash rewards in the form of gift cards to local high-value lifestyle venues also feed the psychic income — the need for social acceptance, increased self-esteem and enhanced self-realization — by taking rewards beyond compensation to trophy award status, giving the recipient guilt-free enjoyment of a high-end luxury item or entertainment event. These

tangible symbols of achievement are lasting reminders of that achievement and are socially acceptable to show off, again reinforcing the value of the recognition program across the company.

To see how one company successfully used choice in its reward program, log on to www.worldatwork.org/workspan to read the Web extra.

4) Reward Everyone

Just as fragmented, disparate programs and systems for recognition are an immovable barrier to the financial and cultural return from strategic recognition, so too are programs that target incentives to the top 10 percent, elite performers. To do so sacrifices the increased employee engagement opportunities of recognition for all. Therefore, developing a culture where recognition happens organically and naturally in the middle 80 percent returns the highest levels of engagement — exactly at the place where the majority of work happens (see Figure 3). When strategic recognition principles are made available to all employees, companies can change their imperialist or elitist culture to one that is motivational, encouraging

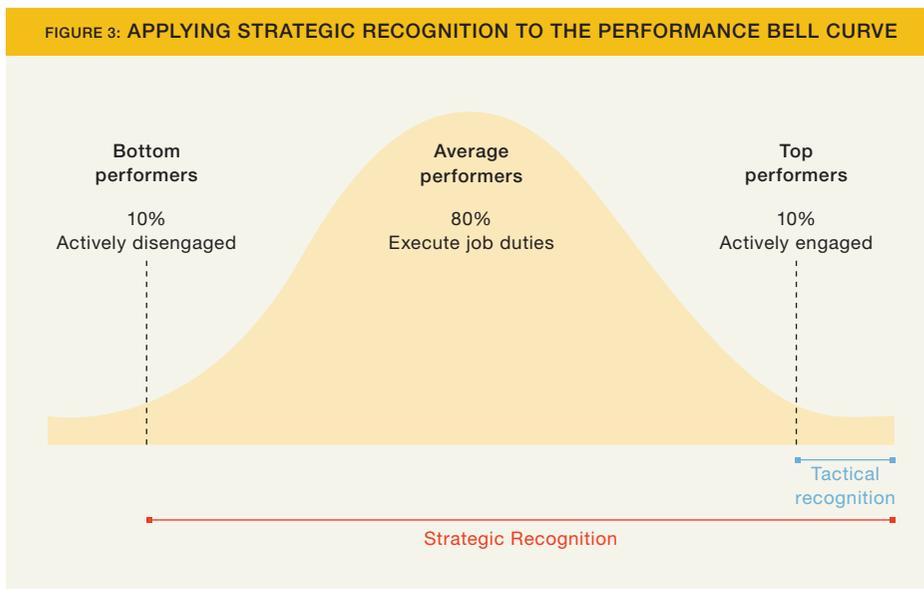
and engaging, resulting in improved performance across the organization.

Jack Welch and General Electric Co. blazed a trail with differentiation by mapping their workforce effectiveness into a bell curve of performance. The performance bell curve was merely a tool to separate employees into three categories based on performance. The real value in the differentiation model comes from requiring managers to act on that differentiation. The top performers are not the real concern in this curve. Of course, they must be recognized and rewarded exceptionally for the value they bring to the company through their performance. But it is the middle 80 percent of employees that require an entirely different management style, according to the Welch Way.

Welch identified the major challenge with this middle group as keeping these employees engaged and motivated. These workers are critical to company success and require additional recognition, feedback and training to continue to deliver and even improve on their performance and level of engagement with the company. As Welch said in his book *Winning*, “Everyone in the middle needs to be motivated and made to feel as if they truly belong.”

It is equally important to ensure globally distributed employees have access to the same recognition opportunities as their counterparts in the country of the company's headquarters. A 2008 WorldatWork survey, *Trends in Employee Recognition*, found only 39 percent of international or global employees participate in all or most of the same recognition programs as their North American counterparts. This imperialist approach most certainly demoralizes and disengages employees in those outlying global locations.

In a truly global company, all divisions in all areas of the world



believe themselves to be equally valuable to delivering on the company's stated mission. In this type of company, all employees perceive their contributions to be critical to meeting and exceeding customer needs, thereby growing the customer base and increasing the bottom line. Global strategic recognition programs ensure program execution plans — including reward options and equity of award values — are relevant and valuable in those international locations. Deployment of the program itself must happen globally, preferably in all locations and divisions simultaneously.

5) Measure Results to Ensure Success

While measuring results is not specific to the generational and cultural differences at the heart of the article, no discussion of rewards is complete without it. There is only one way to ensure a strategic recognition program touches 80 percent to 90 percent of all employees across the organization while reinforcing company values: Measure results against predetermined objectives with clearly defined metrics. This becomes even easier if a company uses a recognition tool that can automatically measure participation among employees.

The 2007 Deloitte/*The Economist* study, *Aligned at the Top*, found while 88 percent of the business executives and HR leaders surveyed think that people issues are vital to their business today, only 23 percent of the executives believe human resources currently plays a crucial role in strategy and operational results.

This is a critical error when implementing strategic recognition programs. As with any strategic initiative, success requires a clearly defined management methodology (such as Six Sigma's DMAIC, which stands for

define, measure, analyze, improve and control), clear targets for frequency and budget, meaningful measurement and reporting functionality, and managers who are held accountable for targeted award activity.

When measured appropriately, company leadership can begin to map patterns of recognition behavior and values adoption across the relevant demographic and geographic groups in the company. With greater insight into how employees from various generations and cultures regard recognition and understand company values, which is especially important because the values should be universally applied to build a truly global, consistent company culture, executives can begin to manipulate the company's social architecture to better achieve strategic goals and the company mission.

Conclusion

One of the most powerful tools for engaging employees is strategic recognition. These programs engage a workforce by rewarding them — frequently and with meaningful awards — for behaviors, actions and attitudes that reflect an organization's core goals and values. They reward process and appeal to the multiple generations and cultures that characterize today's workforce, all of whom have different work styles, expectations, performance goals and time needs. Effective programs deliver a unified global platform for giving rewards that are culturally relevant and personally meaningful worldwide. Today's strategic programs raise recognition far above the old tactical approach, enabling clear measurement and reporting for enhanced corporate governance.

In today's challenging economy, companies are looking for new and creative ways to enhance performance within the organization. Realizing

employee engagement through strategic recognition efforts holds the potential to be the next significant return on investment opportunity. These programs empower companies to create a unified, global workforce, aligning employees from multiple generations and multiple cultures around the very essence of the company, its core goals and values. 

ABOUT THE AUTHOR

Derek Irvine is vice president of global marketing and strategy consulting at Globoforce in Southborough, Mass., and Dublin, Ireland. He can be reached at dereki@globoforce.com.

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