

Crossing the cultural chasm – Differentiation in reward/recognition

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Just to look back at where we started the conversation on ‘Crossing the Cultural Chasm’, I wrote about the meat and potato of Culture. I referenced Culture as one that defines our concept of ‘self’, how we relate to ourselves and with others – a fundamental aspect of how people form relationships, work in teams, communicate with each other. Let us review how this may have anything to do with rewards/ recognition, in other words how people of different cultures may get motivation to give their best in their jobs and for the organisation.

There are noticeable differences in how people of different cultures assign ‘value’ to any reward/recognition – compensation & benefit programs. How a potential reward is perceived, and its impact on performance noticeably varies from culture to culture. Generally speaking, people from collectivistic (Asia, Asia-Pacific, and Eastern) cultures have a natural orientation to identify themselves as a part of a cohesive group – a family, a region, a team...and the primary impetus for them is to have a sense of belonging, and managing harmony within that collective group. In contrast, people from individualistic (North American, European, and Western) cultures have identification of a ‘self’ that is far more independent. While team based performance rewards are becoming the norm across the global enterprise, an individual performance based recognition/reward is well accepted in individualistic cultures. A well established pay for performance system that rewards individual performance, for example, may create quite an opposite effect if implemented in Japan without any consideration for cultural values and expectations. In Japan, a reward for individual performance may be perceived as disloyalty to the team and calling for inappropriate attention to oneself.

Managing **compensation** & benefits for a global corporation provides unique challenges due to variations in competitive labor market, collective bargaining & representation, economic factors, taxation, laws and regulations. However, an important facet of this unique challenge that may quite often be overlooked are the cultural factors – deep seated beliefs and values that affect people’s orientation towards risk taking, short term/ long term orientation, self image, perception of individual worth among peers and in their locale.

So, how do HR practitioners take into account these fundamental human behavioral dichotomies in designing effective talent management process i.e. performance management systems, rewards and recognition programs?

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