How Cultural Awareness Can Boost Your Bottom Line

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Manufacturers can boost productivity, lower per-unit costs, and better meet the ever-stiffer demands of customers by focusing on the cultural values of their growing foreign-born Latino population.

Most manufacturers have tried to motivate their workers for better productivity -- with varying degrees of success. Those with mainly Mexican or Spanish-speaking workers find Gainsharing gives them more productive employees and a greater competitive advantage. Why? Latin cultural traditions sync closely with Gainsharing precepts.

What is Gainsharing?

Gainsharing is a group pay-for-performance program. Worker performance is quantified and given a dollar value. When workers top a performance threshold pre-set by management, they can earn a group bonus. Employees receive half the value of their better performance, and the company the other half. So for every dollar paid to workers for better performance, a manufacturer saves a like amount through higher productivity (less overtime), improved quality (less waste), and better safety (lower workman comp costs). No sense of entitlement results, since employee bonuses must be re-earned each short Gainsharing period.

In 1981, Congress ordered the Government Accounting Office to evaluate productivity improvement programs. The GAO reported Gainsharing plans are "...the wave of the future" because they unite an organization's workforce in the goal of boosting operational performance. On average, the GAO said, "performance

climbed by 17 to 22 percent."

Cultural Differences

To refer to "cultural values" is not to stereotype nationalities or revert to old labels or pigeonholes. Understanding different cultural points of view prevents the communication lapses and inadvertent missteps that harm productivity. Being alert to cultural differences is what "cultural sensitivity" is all about.

Gainsharing and the Mexican-born workforce

For manufacturers with diverse workforces, group pay-for-performance programs succeed because they incorporate four aspects of traditional Latino culture:

- Tradition of working together in collaborative (social) groups
- Societal value of mutual support and collaboration
- Acceptance of authority, and preference for specific work goals and instructions
- Positive response to incentive pay plans that reward performance immediately.

As a group bonus plan, Gainsharing strongly appeals to Latin culture by emphasizing group cooperation and incentives. Gainsharing promotes cooperation among workers of all backgrounds better than any "sensitivity" or "diversity" training program can, because of its mutual financial benefit. By fostering the need to work cooperatively with other workers, no matter their ancestry, Gainsharing offers all employees the opportunity to become meaningful members of the workforce and partner with management in productivity improvement.

Since successful Gainsharing plans rely on employee and supervisory suggestions for working smarter rather than harder, care must be taken to encourage group participation in Spanish.

How Gainsharing Differs from Profit Sharing and 401(k)s

Gainsharing avoids the drawbacks of profit sharing plans and 401(k)s. Both are designed to motivate and reward workers for successful company performance by giving them a personal financial stake in its future. However, most find neither profit sharing nor 401(k)s lead to greater worker efforts toward better quality and productivity now because workers do not equate their daily efforts today to a payout at the end of the year, or upon retirement.

Gainsharing avoids the drawbacks of profit sharing and 401(k)-based retirement plans for several reasons:

- Gainsharing's rewards are immediate. Employees identify what they do today with the bonuses they can earn at the end of a month.

- Gainsharing encourages teamwork rather than destructive competition.
- Gainsharing emphasizes cooperation and group effort (a very Latino value). It is the only realistic plan tying additional individual earnings to overall plant performance. Employees quickly learn that cooperation and collaboration pays off.
- Because Gainsharing rewards specific performances and recognizes collaboration, it appeals to a Mexican-born workforce. In fact, Gainsharing has an even better chance of success with this workforce than other plans, because the basic concepts of the plan are in sync with workers' cultural expectations.

Not One Size Fits All

Since manufacturers differ in product, size, technology, customer base and internal situation, there is no one-size-fits-all Gainsharing plan. Each plan must be tailored to an individual manufacturer's particular needs, while taking into account the character of the workforce.

Today's Workforce Makeup

A great preponderance -- 80 percent -- of our foreign-born workers speaks Spanish. About 80 percent of foreign workers in the U.S. are Latino, and of these, 86 percent are Mexican. Within the next decade, Hispanics will likely be the largest minority in the United States.

In fact, Hispanics will make up nearly a quarter of the U.S. population by the year 2050, compared with 13.2 percent today, as reported the U.S. 2010 Census.

Nationwide, the workforce in the food manufacturing industry is about 30 percent Hispanic. Today, many in the industry, especially those in California, the Southwestern states, and Midwestern Rust Belt cities, are already almost 100 percent Hispanic.

Preparation for Gainsharing Success with Mexican-born workers

The proper roll-out of a Gainsharing program is a key to its success. It should include:

- Meeting with the workforce to articulate Gainsharing goals (less waste, faster throughput, better productivity) clearly and simply in Spanish.
- Emphasizing Gainsharing's immediate rewards: bigger paychecks, employee unity (a cultural value). Positive employee attitudes are an important byproduct of this program.
- Underlining that Gainsharing goals are achieved not just by "working harder," but by working together to identify causes and remedies of production problems.
- Training supervisors how best to interact with their Mexican workers.

The Results of the Great Recession

Even though the economy is improving and most manufacturers are busy, there is no let-up to competitive pressures. Stores are even tighter on shelf space, and purchasing agents continue insisting on lower prices, faster deliveries, and better service. The key to success lies in enthusiastic employee cooperation in boosting productivity, lowering per-unit costs, and boosting quality.

What are you doing to generate cooperation among *your* employees?

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Resources

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2. Productivity Sharing Programs: Can They Contribute to Productivity Improvement?” US General Accounting Office, AFMD-81-22, March 3, 1981
3. “Managing Hispanic Employees for Better Performance”, MSN Magazine, Nov. 1999
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