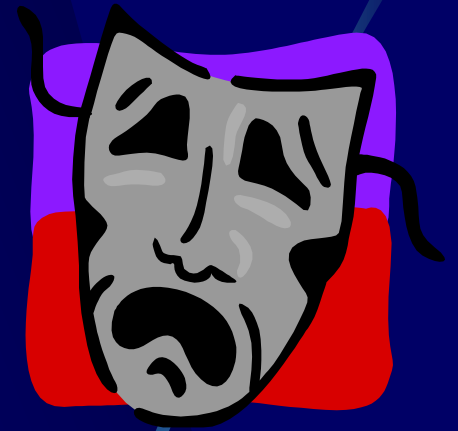


South African Reward Association Conference October 30, 2009

***Global Perspectives and Trends:
'Hot Button' Issues From Around
the World – a Case Study***



***John A. Rubino, President
Rubino Consulting Services
rubinoconsulting@aol.com
rubinoconsulting.com***



**Let's Unmask the Mystery
of the 'Hot Button'
Issues...Within the Context
of a Global Technology
Organization**

Global Technology Company a Case Study

- Mission: *“To organize the world’s information and make it universally accessible and useful”*
- Operations in 25 countries, primarily North America, Europe, the Middle East and Asia
- \$22 billion in revenue, net income of \$4 billion (2008)
- 97% of revenues from advertising (2008)
- *51% of revenues from outside the U.S. (2008)*
- Approximately 20,000 employees globally

'Hot Button' Issue #1: The Global War for Talent

- They compete aggressively for global talent --- it's scarce, and they want only the best employees!

**** *A Distinct Human Resources Strategy* ****

"hiring algorithms"

- a demanding, challenging, competitive environment

- Core competencies: insightful, innovative, creative, 'owning the job', teamwork, intelligence, a 'star'
- Seek to maintain a small-company feel by minimizing corporate hierarchy --- a big challenge!

'Hot Button' Issue #1 (cont.): The Global War for Talent

- Highly interactive, team-based environment
- However, recognize the significance of individual accomplishment and 'star' potential
- Promote multiple viewpoints, debate and building consensus --- *employee empowered*
- Create an environment where talented people have fulfilling jobs and produce technical innovations that have a positive effect on the world, and used by millions of people --- *recognized social benefit*

‘Hot Button’ Issue #2: Personalized Total Rewards Programs

- Global core reward elements are established and articulated
- ‘Hard stuff’ is significant, but ‘soft stuff’ is paramount!
- 20% of time working on independent projects, which
- Results in the creation of many new and important products, however...
- Dress ‘codes’, cafeterias, general work environment, office space, family members, etc., etc., etc.

'Hot Button' Issue #3: Compensation Variability Is Now and Forever

- Compensation programs are more similar to start-ups than established companies
- Very flat base pay structures, very few grades
- Base pay: median to 75th percentile
- However, *compensation variability is the key!*
- All employees are equity holders --- highly motivated
- Successful teamwork and individual accomplishments are significantly rewarded in lump-sum cash payments

'Hot Button' Issue #4: Managed Communication Is a Must

- Firm believers in managed communications, coupled with informal, 'grapevine' interactions
- Electronic communication is important, but face-to-face is key --- human contact is a must!
- Facilitate meaningful communication among employees at all levels and across all departments
- Structured mentoring programs (engineers, especially)
- A highly-successful 'webbed' communication strategy

Challenges In Going Global

- They identify at least 25 'Risk Factors' that can harm their business in the years to come
- One of them is 'Global Risk', requiring considerable management attention and resources:
 - challenges caused by distance, language and cultural differences
 - different employee/employer relationships around the world, and existence of workers' councils and labor unions in some markets
 - promoting a 'core' global company culture

Let's Travel Around The World With Our Technology Company: The Global Cultural Orientation...

- North America
- Central/South America
- European Union
- Middle East
- Asian Market
- Africa



The Global Cultural Orientation...

■ *North America*

- minimal government workplace intervention
however, currently 'evolving' in the U.S.
- variable compensation, primarily individual
- emphasis on work/life programs: 'Live to Work'

■ *Central/South America*

- paternalistic orientation
- base pay concentration, some variability
- time off highly valued: 'Work to Live'

The Global Cultural Orientation...

■ *European Union*

- high government workplace intervention (work councils, unions, government mandates)
- base pay concentration (some variable)
- strong work rules and organized labor

■ *Middle East*

- traditional/hierarchical
- base pay, minimal variability
- job-based orientation

The Global Cultural Orientation...

■ *Asian Market*

- generally entrepreneurial (notable exceptions)
- variable compensation, must be team-based
- strong work ethic, minimal work/life programs

■ *Africa (primarily South Africa)*

- total reward orientation
- variable compensation prevalent
- recognition programs very important

Three Primary (Mega) Objectives of 'Managed Communication'

- Ensure Understanding
- Get Buy-in/Change Perceptions
- Motivate The Right Behaviors

Seven Steps Guaranteed To DIS-ENGAGE Your Talent And Send Them Fleeing From Your Organization

1. Be sure no one quite knows what his/her job is
2. Keep selection criteria and career paths vague
3. Insist on a one-size-fits-all total reward strategy
4. Be vague about how successful performance is defined and measured
5. Keep salary ranges, increase percentages, variable compensation guidelines, and most components of total rewards secret
6. Surprise employees with a bigger paycheck or lump-sum award
7. Be defensive when asked to explain and defend human resources and total rewards actions