

## Chapter Ten

# Organisational Best Practices for International Teams

*'The ultimate challenge of global organisations might well lie in discovering how to reproduce inside their management processes some of the vitality that cross cultural dialogue produces outside the organisation. To experiment with such internal diversity will take a new kind of leader with a more global vision, more tolerance for individual and cultural differences, more process skills in managing the inevitably more complex dialogue and the ability to creatively distil out what may initially be chaos as a more viable and competitively more adaptive posture for the organisation. The organisation that can invent, create and tolerate such leaders may well have the competitive edge in tomorrow's turbulent world.'*

Edgar Schein, 1986

The previous chapters explored the roles of senior managers and HR professionals in establishing the right context for international teams to thrive. This final chapter of Section Two explores in more detail the organisational practices that need to be put in place if international teams are going to be created and perform successfully in the long term. These practices include:

- Identification of the characteristics of effective international team leaders and members
- Selection
- Development
- Evaluation
- Reward.

Our experience shows us that organisations that pay attention to these five basic organisational processes and relate them to the needs of international teams will make significant progress in establishing the appropriate context for their international teams to succeed. Senior managers, HR professionals and international team leaders and team players need to work together to identify what is appropriate for their particular organisation and teams, as there isn't one size that fits all. As illustrated in the previous chapters, the organisation has to be willing to experiment, to listen to the feedback from the team members themselves and not to seek over engineered solutions – be pragmatic.

### **Identification of the Characteristics of Effective International Team Leaders and Members**

Some form of job analysis or role description often underpins the organisational practices we will discuss in this chapter. If an organisation does not understand and cannot articulate the content of a particular role, it will have difficulty selecting for that position if it becomes vacant, or it will not know how to develop the individuals in the role to improve their performance or how to evaluate or reward the existing performance. Our starting point, therefore, in this chapter, is a discussion of how some organisations have managed the process of identifying and classifying what to them represents an effective international team player.

Chapter Seven explored in some detail the role of the international team leader and the high expectations that are often inappropriately attributed to the role. It is not intended to replicate that discussion here, but instead to focus on examples of current operational practice.

During the late 1980s and early nineties, many multinational companies began to identify a set of competencies that they wanted to use to identify, select and appraise managers across the whole of their business. Two broad approaches have been taken. Some organisations have identified generic core organisational competencies that apply to staff irrespective of their role in the organisation, whilst other companies have focused their energies on identifying competencies for specific roles. Examples of the first approach include British Petroleum's O.P.E.N. behaviours (open mindedness, personal impact, empowerment and networking) and Matsushita's S.M.I.L.E. (speciality, management ability, international, language facility and endeavour). In both companies the competencies acted more like a tool for initiating cultural change than a comprehensive list of skills that could be used to design specific processes and, in Matsushita, in particular, the competencies sent out a strong signal about the company's intention to take globalisation seriously: being effective in the home domestic market is no longer acceptable if you want to be a senior manager. Despite not being targeted at specific roles, generic competencies of this type can still be valuable for international teams, as they send a clear message from the organisation that they wish to encourage the type of culture where international teams would thrive.

Some organisations have gone one step further and this can be a valuable building block when identifying roles for international teams. For example, Citibank intends to go through every job world-wide and describe the three main behavioural outcomes that would constitute excellence in that job. The advantage of focusing on such specific standards as opposed to competencies for managers in general, is that it enables more transparent comparison of similar roles across the whole organisation, be it for selection, development or performance review purposes.

**Table 10.1:** Wellcome's Effectiveness Criteria for International Project Leaders

<b>Complex thinking</b>	<b>Delivering results</b>	<b>Influencing and motivating</b>
Strategic focus	Action bias	Facilitative leadership
Organisational awareness	Managing ambiguity and change	Building relationships
Problem solving	Performance orientation	Interpersonal adaptability Influencing others

Wellcome had been using competencies (due to a dislike of the term 'competency', it called its frameworks 'effectiveness criteria') to underpin a range of its HR processes for a number of years when it globalised its R&D function. It had an existing set of global corporate core competencies which had underpinned a world-wide performance development initiative and a number of key roles had their own specific competencies identified. However, it recognised that this existing infrastructure was not going to be sufficient for providing the framework to support the newly created international teams and work was undertaken to define the effectiveness criteria specifically for international team leaders.

Given that international team leader roles had not existed in the organisation prior to the reorganisation, it was not possible to model the effectiveness criteria on existing high performers. Wellcome therefore undertook a process that included interviewing and holding focus groups with senior managers who were going to be sponsors of these teams, with managers who had led the previously national project teams and with prospective team members. They also identified organisations outside the pharmaceutical industry who already had international team leader roles and used them as benchmarks to compare the internal data. This process although lengthy, enabled a wide population to come to consensus about the characteristics that defined an international team leader in their organisation. The specific criteria are outlined in Table 10.1.

Each of the ten criteria was described in full with a comprehensive list of positive and negative behavioural indicators. For example:

#### **Problem solving**

##### **Positive indicators**

- Anticipates problems before they occur.
- Analyses the consequences of different alternatives.

##### **Negative indicators**

- Concentrates on one issue and does not consider all the options.
- Gets too involved in the details.

These effectiveness criteria were then used as the basis for selecting potential international team leaders and for identifying the development needs of

existing international team leaders. They enabled a common language to emerge across the organisation and provided a level of transparency about these new key roles. This enabled individuals from all parts of the organisation to be clear about the criteria that would be used to assess them if they chose to apply for one of the roles and this opened access to the roles to staff in more parts of the organisation.

Whilst identification of criteria, either at the organisational or role level, has been valuable for a number of organisations when establishing international teams, there are a number of potential pitfalls that must be avoided. Some researchers would argue that criteria can often be criticised on three counts:

- 1 When criteria are based on past success rather than future challenges, they keep an organisation focused on the past and do not prepare them for the challenges ahead.
- 2 When criteria describe the end-state attributes of current leaders rather than identifying future leaders who may not as yet have developed these attributes. It does not enable organisations to develop their long-term capability.
- 3 They create a single set of criteria that, by inference, is appropriate in all circumstances.

This last point is particularly critical when it comes to criteria that are to be used globally.

When a global chemical company devised criteria they used two American and one British consulting companies. The result was a set of criteria that worked well for American and European managers but was less effective in creating high performance in other cultural contexts, for example Japan. One author spent three hours with a senior international personnel manager of the organisation going through the very different cultural interpretations of concepts like individual performance, analytical thinking, team working, and so on. This helped the personnel manager see the difficulties, but did not help gain commitment to the criteria in the wider organisation.

A final consideration before moving on to explore the practical use of these criteria. Before using an agreed set of criteria for selection and development purposes, a company has to be clear which are personality traits that need to be selected for, and which can be developed or taught. For example, to what extent can a company train someone to act with integrity, to be insightful, or to be courageous as opposed to solve problems, have a strategic focus and to adopt a facilitative leadership style? They also need to ensure that the criteria

have been defined so that no cultural group is unfairly disadvantaged by their application.

Whatever the cultural biases and limitations, criteria like those illustrated have created major benefits for most companies who have introduced them. They created an international standard against which managers anywhere in the world could be identified, selected and promoted. This meant that the companies could increasingly act as large pools of interchangeable talent at senior levels. It also meant that internal vacancies focused on competencies and potential, rather than a description of the person who just left, eg 'Five years' experience with toothbrush sales'.

### **Summary Learning Points**

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- *The process of identifying characteristics is as important as the resulting output.*
  - *Any characteristics identified need to be reviewed for cultural bias and understanding.*
  - *A shared view of the criteria required to be an effective international team leader or member enables a more transparent selection and development process for future talent.*
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### **Selecting International Team Leaders and Members**

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Having identified the criteria that an organisation wishes to use to define the roles on their international teams, the first step is usually to select individuals from the existing workforce to take on the roles of international team leaders and members. What happens when you need thirty international team leaders? You want to appoint them internally, but until that moment you have been a purely national company. This scenario is more common than you might imagine as few organisations have talent pools of potential international team players with proven experience and even fewer have the luxury of the time or money to select externally for such key roles. The selection process for these roles is therefore critical if costly mistakes are to be avoided. One organisation for whom this scenario became familiar was Global Gas, the global branch of British Gas. Their solution was as follows.

It was essential for the criteria to be clarified in a generic way as there was no relevant international experience in the applicants on which to base any selection assessment. All managers were invited to apply so no-one was ruled out by pre-selection by other managers. Two particular activities were built into the selection process. Firstly, a realistic written case study was created that managers worked on in their own time. Their responses were rated by an expert in international working. Part of the selection interview was then given over to probing and discussing the way they thought about the different issues and how they arrived at their conclusions. The case study could then also be used to probe hypothetical situations to see how the managers thought they would react. A variety of criteria were being probed in this exercise, the depth of understanding of how to manage a different situation, the ability to analyse, be insightful, attend to the detail by looking for the clues, complex strategic thinking in an ambiguous situation, decisions about people, the ability to handle feedback and so on. It was presumed that some of the other necessary skills such as their ability to manage diverse people could be assessed from their performance in the UK.

In another part of the exercise, managers were asked to come to a preliminary briefing and assessment day and to bring their spouses. There is a lot of evidence that the success of managers in international roles is strongly influenced by the support network of family and friends and it was felt that this should be acknowledged and explored from the outset. While the managers were being interviewed, the spouses were sharing their expectations, fears and experiences of being married to an international manager or having to move to another country. There was a long debate as to whether to then interview each couple together or whether that put unfair pressure on the spouse or employee. It was decided that the common briefing about the stresses it can cause with the advice that spouses do need to discuss it in depth, was enough to provide the couples with the relevant information to make an informed decision.

The need for international team leaders to respond to changes in the global energy markets forced Global Gas to work on common criteria and a creative selection solution that enabled them to build on their existing strengths and prepare staff appropriately for the rigours of these new roles. Seagram took a quite different approach when they were looking to staff teams in a global re-engineering project. When they set about creating these re-engineering teams, it was decided right from the start that all teams should be cross-functional and cross-geographical and would co-locate for eight months. Therefore, typically the choice was for an individual with high exposure who was used to working

across an entire business or an entire (geographic) division. The process chosen was as follows.

Criteria were drawn up for the team member roles by Boston Consulting Group and the Human Resources Department. These criteria were sent by the re-engineering steering group (about 4-5 senior people) to all businesses asking for nominations of individuals according to those criteria. The same criteria were used for the team leaders, although those were typically chosen among the most senior executives. Once the businesses had submitted individuals for the teams, the re-engineering leadership made the final selection and allocated people to the teams. The businesses were then obliged to release their people who had been selected. No assessment tools or processes were used and cross-cultural skills did not feature explicitly in the selection process. Finally the office of the president approved the final short list.

The advantages of this selection process were that there was commitment to the criteria and the selection decisions at the highest levels in the organisation, which was critical given that the recommendations made by these teams could have fundamental consequences on the shape of the future business. The process also allowed local business senior managers some discretion in who they nominated, again critical in getting political commitment to staffing the teams. However, feedback about the process showed that one of the disadvantages was that although it had been explained, most team members and leaders had only a rough 'generic' idea why they had been selected ... 'the best and brightest to reshape the company', 'language skills', 'people from different geography, senior and available'. Consequently the teams potentially got off to a slower start, whilst team members clarified their roles and contributions. One comment 'that receiving notice of selection in a written memo from the CEO did not create an ideal environment to think through or seek clarification' illustrated again the importance of the way the process is managed, as well as the final outcome. This is particularly critical if organisations are operating in cultures that place significant value on personal relationships to do business.

Our experience indicates that unless a well thought through and interactive selection process is applied, the leadership role will tend to go to the person perceived to have the most power and influence in the existing organisation (as illustrated in Chapter Three) and this can seriously limit an organisation's ability to respond to global challenges. For example, in the Lever Europe marketing team, it went to the German manager because Germany had the largest sales volume. In Wellcome's quality

assurance team, it went to the head of quality assurance because she held the highest position in the existing hierarchy.

Often, the person selected is the headquarters' person in charge of that issue, which again diminishes the contribution of significant numbers of potential international team leaders in other parts of the organisation. For example, IBM's international Airline Support Centre based in London started with an American leader, was followed by another American leader (because the IBM airlines account teams wanted to have an American to keep in touch with the US) who fortunately changed this pattern by stating that the next director should not be American. Given that the team consisted of Americans, French, British, Germans, (East) Indians, Argentineans, Brazilians, Egyptians, Colombians, Finnish and Romanians, mostly all on international rotation, it is not surprising that attributes other than an American passport might be valuable in this role.

We are not suggesting that the people who held the roles were not the best choices from the perceived possible candidates. The first team leader was a woman. 'Very smart, can take many ideas and synthesise them into a coherent vision, everyone respects her' was typical feedback about her style. The second was the only Afro-American in senior management. The problem is that if you are not clear about what the role requires, you use selection processes based on the way national line management has been selected and you limit your pool to the hierarchical status quo, so you may be narrowing your potential field of talent.

By challenging the existing selection norms, organisations often uncover hidden talent as the following examples illustrate.

A board of executives of a financial services institution was convinced that it needed to hire in its next cadre of senior managers from external organisations. They perceived that the internal candidates were not of the right calibre to fill the international roles that were opening up. They contacted an external consultant to manage the recruitment who persuaded them to advertise all the roles internally and offer anyone who was interested the opportunity to participate in a two-day development centre. No guarantees were made other than an objective discussion about their development needs.

The Board members were trained as observers and participated in the process. To their surprise they had a high level of interest from individuals they had not considered and as a result of the process they were able to fill 95 per cent of the roles internally and identify potential longer-term successors who could be ready for all the roles within three years. They realised that their blind spot was to judge people on what they were currently doing, without considering what else they might be capable of.

In Wellcome, the effectiveness criteria were used to select potential international team leaders and members using 360 feedback from peers. A subsequent evaluation of the process, found that 46 per cent of the international project leaders and 53 per cent of team members were female as opposed to less than 10 per cent of women in line management roles. It seems that this detailed behavioural selection approach opened up the pool of talent available and created a more transparent process than the existing line management selection process.

### **Summary Learning Points**

- **Challenge existing selection practices – are they appropriate?**
- **Be open minded about who can apply for international team roles – personal motivation is very important.**
- **Be creative and design the selection process to meet the needs of the teams and the business.**
- **Be proactive – lack of a specific selection process will reinforce current political power bases rather than get the right person for the role.**

### **Developing International Team Leaders and Members**

Having been selected and appointed into their new role, unfortunately too many international team leaders suffer the same experience as the following individual:

*'I have had no training – I'm making it up as I go along and hoping nobody catches on – and it is a very steep learning curve – it is probably a good job I did not know how tough it was going to be or I would never have taken the job.'*

The other attitude we've experienced towards development of international capability is illustrated by the following:

*'IBM funds cross-cultural training if you are an expatriate, but they do not do as much if you are a national working with other countries.'*

The same used to be true of many companies. However, as previous chapters illustrated there has been a marked shift away from expatriates to 'international' workers at all levels and locations of an organisation. Given the complexities and challenges of international roles, organisations are setting up their international teams to fail if they don't provide appropriate and timely development opportunities.

As the range of staff working internationally has grown, so have the development offerings. The 1990s have seen the birth of many in-house and external international management training sessions: these range from nine-month classic business school programmes, through five-week adventures for thirty consorted companies at the University of Michigan, to one-week in-house sessions in different parts of the world, and sometimes to tacking one or two days' cultural differences training onto the end of a standard course. Organisations may be also overlooking development opportunities that they already run as relevant to the needs of international teams. For example, some companies already offer career development opportunities throughout their global organisation and they may find they have a more developed pool of potential international team players than they realise. Research has shown that expatriate experience altered how managers adapted to cultural differences, learnt from mistakes, sought opportunities to learn and acted with integrity. Given this growth of development opportunities on offer, what should organisations be providing as development for their international teams if they want them to be effective?

Cross-cultural training is usually top of the list and has been suggested for many years<sup>2</sup>. The discussions and examples in the first section of this book provide ample illustration of why it is critical to raise the cross-cultural awareness of international teams. Without the skills to know each other and manage their inherent inequalities, international teams won't fulfil their potential. Not surprisingly, ethnocentrism (seeing everything from one cultural perspective) has been found to be an impediment to both culture specific and culture general understanding<sup>3</sup>. Yet many international teams are created by organisations with very strong dominant national and organisational cultures. Cross-cultural training does not need to focus only on national cultures. As highlighted in Chapter Three, organisational and functional cultures can be stronger barriers to effective international teams.

A question that is often asked is, can cross-cultural training be effective for all individuals? As one experienced manager suggested, some people seem to have a high level of curiosity and purposefully seek out people unlike themselves and others seem to be much more comfortable with their own kind. Can cross-cultural training change this?

Our experience of running this type of development intervention over a decade in many different organisations, has demonstrated that good inter-cultural training can aim to achieve three things:

- 1 A realisation that other people think, feel and behave differently and that is okay.
- 2 An initial understanding of one's own value structure and a realisation that knowing more is a never ending journey.
- 3 An uncertainty that one's own (usually taken for granted) view of the world is always appropriate and the realisation that it may fail to grasp certain situations completely.

So what are the best ways to achieve these aims? A one- or two-day interactive cross-cultural workshop can achieve the first aim of raising awareness that people are different. There are some effective consultants that offer this type of development and many teams have benefited from the insights about each other that these workshops have revealed.

Peter Aylett, who devised the week-long Shell intercultural communication workshop, believed that the best approach to learning anything about one's view of the world and one's values is by creating experiences and situations where people test their own versions of reality against those of others, either by meeting different people or in exercises and role plays. So to achieve the second two aims, you need time and experiences as close to real life as possible. This can be achieved using different types of simulation. For instance, one simulation that enables you to do this is a CIDA\* exercise called 'building a culture', which provides you with the opportunity to build your own society and its norms and values as if from a blank canvas. During a week, a safe environment can be created in which participants are very quietly but continuously asked to question their own responses and actions. Feedback from participants who have experienced this development intervention indicates that the process challenges each of your core values very deeply and makes you realise that you have only one way of seeing the world and that it is not the only way.

Another approach that goes beyond a simulation is to create ad hoc project teams for a period of time (eg in Hong Kong Shanghai Bank, four days; in Nokia, four months) that work on some aspect of improving the company's strategy. Teams are facilitated by either internal or external consultants who in varying degrees train and review their interactions as a team as they work. Although this is more effective than short programmes or workshops, the teams know that they are ad hoc and that they do not need to deal with some of the underlying issues in a way a real team would have to.

A training programme would also provide a comprehensive overview of the other knowledge and skills that it is beneficial for international team leaders and members to develop including:

- conflict resolution skills;
- team problem solving technique;
- decision making techniques;
- project management skills;
- meeting design and facilitation.

Specific development tools and techniques that help teams develop their performance throughout their life cycle are outlined in Chapter Five. The formats for delivering the training that we have experience or knowledge of include:

\* Canadian International Development Agency.

- being talked at by 'experts';
- doing exercises or case studies;
- role plays on video;
- being hijacked and dumped in the 'desert' or 'jungle';
- building towers;
- elaborate simulations; or
- writing guidelines for potential investors for whole developing economies.

The 'right' intervention for a particular international team will be one that meets their particular development needs, taking their cultural preferences and learning style into account. It will also depend on the sophistication of the training and development resource in the organisation and the availability of resources.

For example, Wellcome had significant managerial support to provide development for the newly appointed international teams and had access to some leading edge research and resources to design and deliver an intervention. It devised a three-day workshop for its current and potential international team leaders – Managing Global Networks.

Managing Global Networks, while it had the limitations of not dealing with actual teams it enabled team leaders to:

- work on clarifying the strategic fit of the teams;
- clarify the roles of team leaders, project managers, team facilitators, team members and the overall team structure;
- highlight the myths about each part of the organisation and the culturally different ways of doing things;
- demonstrate the use of cultural value checklists for setting ground rules;
- learn different problem solving, conflict resolution and decision making skills;
- explore the best use of different technologies in the rhythm of working together and apart;
- role play resolving some of their worst interpersonal conflicts;
- create feedback to senior management;
- brainstorm the ways forward in which the project leaders could share best practices across the business and support and learn from each other.

This intervention provided a valuable 'kick start' for all the new leaders.

Many of the development interventions discussed so far take place away from the actual work of a real international team and are to an extent 'off the job'. These can be of enormous value and are certainly better than letting them, 'figure it out for themselves'. However, it is our experience that the best way to train international team leaders and members is 'on the job' by working with intact teams with their actual issues and providing development 'just in time'.

### 'Just in time' development

For example, you are working with a team who have to prioritise a range of issues they need to take action on, as they work through each set of issues you introduce different problem solving and prioritisation techniques for them to use. The advantage is not only do they learn new skills, they also immediately know how and when to apply them.

Alternatively a team may have an issue that needs resolving and there are a range of diverse and conflicting views held by team members. You can introduce conflict resolution tools and coach the team to use them on the issue they need to resolve.

The final aspect of development to comment on at this point is the issue of succession planning. Organisations should focus their energies, not just on the current international team leaders but on developing the next generation. International team working is going to become more prevalent and no organisation we have experienced has a sufficient cadre of potential leaders waiting in the wings. The development will not be wasted as the skills they acquire will enable them to be even more effective team members, even if it is a while before they have the opportunity to lead an international team themselves. Some of the approaches to developing actual and potential leaders are outlined in Table 10.2.

**Table 10.2:** Developing potential and actual international team leaders

Potential international team leaders	New and actual team leaders
Some overseas experience or international environment	On-going 360 degree feedback
Being a team member	Sharing best practices; social, formal, paper, electronic
Interviewing and shadowing actual team leaders	Create an experienced leaders network. They can act as mentors to new appointees
Being aware of the skills required and looking for opportunities to develop them in their current role	Specific skills training as and when needed
Being the facilitator of the team	Other company visits
	Online training, books, videos, journals, conferences etc.

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**Summary Learning Points**

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- *Do not assume staff have the skills to work effectively in international teams – even if they already have leadership roles locally.*
  - *Think laterally about who needs development – it may not be those doing the travelling. Don't overlook existing development opportunities for developing international skills.*
  - *Developing cross-cultural awareness is critical – national, organisational and functional cultures – for effective international teams.*
  - *Use a broad range of development approaches and techniques according to the cultural needs of the team members.*
  - *Develop 'just in time' whenever possible.*
  - *Focus development on potential as well as existing team leaders and members.*
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**Evaluating International Teams**

As highlighted in Chapters One and Eight, international teams are often created to deliver particular strategic benefits to the organisation. It is therefore somewhat puzzling that very few organisations have effective processes or measures for evaluating the teams they establish. Where performance measures do exist, they often focus on only part of the picture, usually the output of the team or draw conclusions about performance prematurely. This can lead an organisation to come to erroneous conclusions about the performance and effectiveness of the international teams they create.

Most organisations have performance criteria at some level in the organisation, even if it is only individual work objectives that get reviewed annually. The purpose of the discussion here is not to propose an elaborate evaluation process. Instead it will focus on the key issues relating to the evaluation of international teams to enable organisations to make any modifications to their existing approach. When establishing the evaluation criteria for an international team the critical issues that organisations need to pay attention to are as follows.

**Differentiate between measures of team performance and measures of outcome effectiveness**

The first issue that needs to be considered here is what aspects of an international team's performance does the organisation wish to evaluate and

what is the purpose of the evaluation? The second issue is how to differentiate the team's performance from its effectiveness. In this context, 'performance' is defined as the dynamics and interactions of the team, eg

- how well does the team create and sustain high levels of motivation?
- how well is the knowledge and skills of the team members used? or
- how well does the team manage its relationship to its sponsors and clients?

'Effectiveness', on the other hand, relates more to the tangible outputs expected by the organisation, eg

- the quantity of units produced to a satisfactory quality standard;
- the number and diffusion of innovations;
- milestones completed within time scales and budgets.

A team may perform successfully, yet through factors outside their control, eg a sudden decline in the market; a change in exchange rates or an unforeseen quality problem with a product, remain ineffective. The important message about differentiating between performance and effectiveness is that for far too long, international teams have only been evaluated on the effectiveness of task outcomes. This misses the richness that international teams can bring to organisations, in particular their role in enhancing the organisation's capability to operate globally over an extended time frame. As a result, companies lose not only individual motivation and morale, but also all the learning about how to work effectively as an international team in that particular corporate environment. A team needs to be evaluated on how it was performing, how well it can share that learning, as well as on the impact of the outcome.

A classic example that demonstrates the need to separate performance and effectiveness is when a pharmaceutical product development team discovers that the compound it is developing has serious toxic side effects that require the project to be cancelled. One could argue that the outcome effectiveness of the team is zero, they have not got a medicine onto the market, but this misses the point. If the team has discovered how to work well together while being spread around the world and can pass on that learning to other product development teams in the organisation, it can make a significant contribution to the global capability of the company and its ability to develop compounds and medicines faster in the future. To enable both issues to be evaluated and recognised international teams need to set clear performance as well as effectiveness measures.

**Examples of performance measures set by international teams include:**

- The team has set and adhered to clear goals, targets and time lines.
- The team managed conflict constructively and maintained inclusive and open communication.
- The team managed to effectively select and involve new members and tactfully let go of inappropriate personnel.
- The knowledge and skills in the team have been used effectively.
- The team effectively handled unexpected crises and deviations from the initial plan.
- The team informed and invited feedback and actively listened to clients, sponsors and stakeholders.
- The team scanned previous work in its area, clarified the external factors that will affect its performance and created mechanisms for staying abreast of changes in those factors.

These are general examples of performance measures. Each international team should use measures that are created for their own specific circumstances and can be used at both the team and individual level as desired. Measuring these performance criteria will be subjective. They will be gathered by interviewing or surveying team sponsors, leaders and members. In our experience, the responses are more useful and more discerning when they are clearly related to specific group events, concrete examples, decisions and objectives. Hence the need to keep a record of the group process from the start-up phase of the team life cycle. The resultant measures are then more credible to outsiders and more useful to other teams as learning experiences.

A much wider pool of people, including members of other teams, company personnel and perhaps even external clients can be included in the assessment of some of these performance measures. Again, if the team has kept a learning log of its activities in this area, it will be far easier to back up and support both internal and external perceptions of how it managed its relationship to the external environment. Clearly if a team creates innovative strategies for performing well on these issues, but has also recorded that performance so that others can learn from it, it is providing a huge wealth of knowledge about the performance of future teams, whether or not the product it was working on becomes a best seller or is shelved due to some quirk of fate.

The main item to be measured in effectiveness is the extent to which a team produces a product or outcome that adds value to the company. Which exact measurements of sales, cost, quantity, quality, number of errors, capacity, impact on processes, timing etc are most relevant will be specific to each team and product. Some will be easier to measure than others, some more effected by purely external changes than others. Production and sales teams

may have a much easier task quantifying their effectiveness in financial terms than a training or facilitation team. But as mentioned earlier, the sales team's results may rely much more on market fluctuations than their performance. The facilitation team's success may depend much more on their performance but they will have a harder time coming up with financial figures.

It is important to get commitment to evaluating both the team's performance and effectiveness from line managers, because the team's performance as a team, many task focused managers will often say, is only an issue if they mess up on the outcome. Given that every company with international teams is either on a steep learning curve, paying high costs for complacency, or heading for disaster, not supporting good team performance, ignoring the learning from previous teams and then complaining when international teams crash and burn is like driving a car down the fast lane of the motorway without taking any driving lessons. Not something that organisations who are serious about globalisation are going to do.

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Link evaluation of performance and outcomes specifically to the purpose of each international team.

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### **Involve the team members**

A joint process of establishing evaluation criteria brings a sense of fair play and involvement that will greatly increase the team member's motivation and hence performance. The impact of such procedural and interactional justice<sup>4</sup> is increasingly recognised as crucial in creating successful working environments for international teams. By involving team members in establishing the evaluation criteria, each team can assess the different level of control they have over different aspects of their work and environment and therefore what they can justly be accountable for and what they can't.

This is particularly critical for international teams as people from different cultures have different perceptions of the extent to which they can control the events around them. As described in Chapter Two, these differences spring from very different perceptions of self, deeply felt religious and social differences, different types of education, levels of wealth and even climatic differences. It is hard to feel much in control of life when rains are infrequent, unpredictable and mean the difference between living and dying. To have autonomy over resources implies that there are sufficient in the first place. Looking again at the list of performance and evaluation criteria above, each one will be subject to different cultural assumptions about and preferences for what is important. That does not invalidate the criteria themselves. It only means that they need to be arrived at after full discussions. This discussion is critical

because without perceived autonomy, the link between team performance and outcome effectiveness will be increasingly beyond team members' control.\*

In our experience, if the process of establishing and measuring evaluation criteria is well done it contributes more to performance, than any resulting reward structure. This does not need to be a complicated process, following these three simple steps is often all that is required:

- 1 First, the team sponsor, leaders and members need to clearly decide the purpose, goals and expected outcome of the teamwork.
- 2 Second, they need to agree how those goal and outcomes are going to be measured.
- 3 Third, they need to agree the timing and process by which the people involved will give and receive feedback on their work.

Such a process brings about a crucial interaction between team sponsors, leader and members. It forces team sponsors and senior management to clarify the purpose of the team and to translate that purpose into clear business objectives with measurable outcomes. This in turn enables the team leader and members to work out which aspects of the work and which behaviours will best meet these objectives and therefore the criteria on which their success will be evaluated. It also informs them which aspects of the work are already deemed important and which aspects they may have to fight for. For instance, if the sponsors have given a primary cost cutting goal and the team discovers that it will create unforeseen problems with quality; they know where they are going to need to focus their persuasive powers.

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A collaborative evaluation process highlights critical barriers to success as early as possible.

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### **Take cultural sensitivities into account**

Evaluation is probably the most culturally sensitive process within international organisations. The measures chosen by the company will themselves be based on a wide range of culturally different assumptions and people will have strong preferences about how the process is conducted. Having decided the criteria for evaluation involving the teams, the next task is to decide the process. There are recognisable differences in the way that people of different backgrounds and nationalities respond to interview questions and surveys. We find Americans tend to be loathe to commit negative criticism to paper, while Finns prefer to write what they will not say directly in person. Some people will be much more explicit over e-mail, and others will treat the written word very formally.

\* Much of what follows has been recently clarified by Brodbeck F C in *Handbook of Work Group Psychology*, ed. M A West.

Surveys give you numbers and better means of comparison, but are fraught with doubts about how each item was interpreted. Increasingly sophisticated on-line 360 degree assessment tools, that invite boss, peer and employee feedback, are being established that can be used by both co-located and dispersed teams. These tools can generate the essential intermediate team health checks for learning purposes that are all important for performance. However, care must be taken in interpreting the results.

Surveys have come back from Scandinavian countries where individuals have systematically marked each question three on a five-point Likert scale. When the respondents were questioned about this, they usually say that the answer depended on how you looked at it, and so three was the best way of stating that awareness of two possible answers. Many other Europeans seem to feel much easier about marking something a five or a one.

Similarly, in one organisation that introduced an anonymous and confidential 360 degree feedback tool for development purposes, none of the American team leaders scored below a three (six was excellent) despite verbal feedback from team members to facilitators that at least three of them should be removed for under performance. The team members were not prepared to commit this to paper even though the survey was anonymous. This has led some researchers to suggest that a ten-point scale leads to more consistent cross cultural answers<sup>5</sup>.

Sometimes it can be the corporate culture, rather than national preferences that lead to skewed responses to surveys. For example, in some organisations, such as the UN, an unspoken corporate agreement not to rock the boat on paper has meant that giving a ratings of less than three (if five is excellent) is just not the thing to do. Evaluation becomes a yearly bureaucratic irritation instead of an innovative individual and corporate learning tool that supports people's curiosity and appetite to do better.

As a response to these difficulties with written surveys, some organisations have introduced verbal team evaluation processes. The advantage of interviews and group discussions is that the different interpretations and perceptions of the questions can be picked up, misunderstandings can be clarified and wording changed accordingly. Even then, as Chapter Two illustrated, some people can find both public and private face-to-face praise or criticism unacceptable. It may be that a combination of written surveys followed by verbal explorations of the responses may be the most culturally valid means of evaluating the performance of international teams.

Effectiveness measures, being somewhat more objective, may be easier to capture in a valid and reliable process across the world. In establishing an evaluation process for their international teams, in our experience, organisations should focus on establishing comparable effectiveness measures that are seen as acceptable globally. If organisations need to compare their international teams they should use these effectiveness measures.

Organisations then need to recognise that establishing standardised absolute

evaluation measures for performance that can be normed globally is fraught with difficulty and probably not worth the effort. They should focus energy on facilitating teams to establish their own performance measures that the team can use for learning and development. Teams should therefore not only have to work through the evaluation criteria themselves, but also generate an evaluation process that works for everyone in the team.

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If evaluation is going to work for the whole team, there may need to be different individual processes for arriving at a team response.

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### **Ensure timescales for evaluation are not premature**

It is critical that managers recognise that culturally diverse teams have significantly more perspectives to work through and integrate at the initial stages of their work. The 'start slow, to end fast' maxim explored in Section One of the book is absolutely critical to understand when considering the evaluation of international teams. Too many organisations have got impatient with international teams, mistakenly only focusing on outcomes and cancelling initiatives too soon. This results in low motivation among team members, who often feel they are just beginning to see the fruits of all their hard work, and significantly handicaps the organisation's ability to develop any sustainable global capability. The organisation learns nothing about how to set up and sustain successful international working in the future.

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'Start slow, to end fast' is critical for evaluating international teams.

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### **Summary Learning Points**

- ***To develop a sustainable global capacity, it is critical to link evaluation to the performance and outcomes of the international teams.***
  - ***Create measures specifically for each team that are linked to their purpose and the corporate strategic intent.***
  - ***Involve all the stakeholders in the evaluation process, if you are serious about getting results.***
  - ***Ensure evaluation measures are culturally appropriate.***
  - ***Don't evaluate prematurely.***
- 

Throughout this discussion on evaluation, we have not made any explicit link between evaluation and reward, although pay for performance is currently in

vogue in many multinationals. Evaluation is valuable in its own right, without a link to pay, as a tool for learning and development. However, reward is an important organisational process and one that has received much attention recently. The last part of this chapter will therefore focus on the role of rewards in creating an organisational context where international teams can thrive.

### **Creating Rewards Practices that Encourage Effective International Teams**

Rewards need to be related to evaluation. So far we have said that in order to evaluate international teams well, senior management, human resources and team leaders need to:

- Understand that international teams are usually aiming for targets that will have much broader impact than those that can be achieved by national teams.
- Understand that as a result, premature evaluation may miss the point.
- Understand that working through to create the criteria for evaluation with team member and sponsors will probably have a far larger impact on commitment to the team and the team's goal than any reasonably equitable reward system.
- Differentiate between performance criteria and effectiveness criteria.
- Focus the time for evaluation throughout the team life cycle.

These actions will go a long way in creating a sense of focus and fairness in what the team is working towards and what they are being measured on. In fact if organisations put in effective evaluation processes, they may not need to spend much extra effort in aligning their rewards practices.

It should be stated up front that much of the energy and effort that organisations invest in creating sophisticated, equitable global rewards practices is, in our experience, rarely worth it. In our view, organisations and international teams are complex systems that can rarely be reduced to the level of simplicity required for an effective rewards process and organisations may be better focusing on the other organisational processes mentioned in this chapter.

So what reward practices are organisations experimenting with? Most of the radical team based reward experiments in America and Europe are going on in self managed teams.\* They are mostly at middle and lower levels of the organisation, mostly nationally (although possibly not ethnically) homogenous and mostly co-located. It is likely the impact of these practices is as much that team members are involved in deciding how they are evaluated and how they share out their profits as whether everyone thinks that the end result is totally equitable.

\* We have very little first-hand knowledge of Japanese or Asian based companies and so we confine this discussion to American and European companies.

Many Western companies seem to have gone through a cycle. The idea of performance related pay took hold in America and Western Europe and different portions of individual's pay became linked to their output and more recently to their skills development. This had some positive and disastrous effects. For many functions (eg sales, manufacturing) productivity appeared to increase for a time, in others, like R&D departments, people stopped sharing ideas before their managers acknowledged and attributed them to the individual. To overcome these effects of individuals behaviour sub optimising the organisational goals, there has been a move towards team based rewards. This approach has also had its advantages and disadvantages. One consequence was a shift from individual competition to increased inter-team competition. This then encouraged organisations to return to a total company based performance bonus or profit share, which is where many of them started before they started down the route of performance related pay.

#### **Different practices for different teams**

Our experience has been that there is no single preferred effective process for rewarding international teams, and organisations have experimented with different practices to suit the needs of their specific teams as the following three examples illustrate.

In a decentralised approach, people are rewarded on local performance, based on the end of the year. As they increasingly need to service clients across national and regional boundaries they have been contemplating stock options and global bonuses. Where an organisation's global strategy has been more centralised, there is often a split between international staff whose pay and rewards are relatively harmonised and local staff (usually lower in the management hierarchy) who are paid at local country rates. If international teams are a mixture of local and international staff the inequities of this system\* are very apparent.

Creative evaluation and reward can go a long way to lessen the conflicts inherent in an international matrix. MacGregor (a Finnish company in ship cargo-handling, and a subsidiary of a Swedish parent) uses an effective reward system to encourage and support co-operation across its matrix of product divisions and country units. With rewards for product sales tied to country performance and vice versa, the organisation has made co-operation a high priority for key people in the nodes of its matrix organisation. A flexible network of global customer service is the result.

\* As described in Chapter Three.

In Seagram, where the teams only lasted six to eight months, all members and team leaders stayed on their home country scheme (normal scheme) and didn't get any salary adjustment or grade upgrade. It was thought to be unnecessary luxury for the duration of the team. They got housing support (they were co-located for the duration) and could bring their spouse on company expense. The only monetary reward was through the incentive scheme. For re-engineering team members that was changed to 50 per cent on the performance of the team (metrics were part of the overall workplan of the team), 50 per cent on the performance of Seagram overall with the guarantee that they would get at least as much as what they would have got in their business unit (this just in case a business unit was doing extremely well). Given the very demanding nature of the work in the team many team members were better off in getting that kind of bonus than when they had stayed in their business unit.

As shown in Table 10.3 the transnational team survey did show that for the organisations that took part in the study the most common pattern overall was most team members on different pay schemes, paid by their home country organisations, evaluated by the team leader and using individual goals and appraisal systems. However, even in this study, the patterns did depend to some extent on the type of team.

Even in virtual teams (those that rarely or never meet), Jessica Lipnack also reports<sup>6</sup> that in her experience, different companies have similar mixed approaches to reward. 'Some, for example, reward one third on personal goals, one third on goals of the organisation that you report to, and one third on goals of the virtual team. Others just use input from the virtual team (eg peer reviews). Still others have decided not to reward individual teams at

**Table 10.3:** Reward practices by team type

Type of team	Different pay schemes	Individual rewards	Group rewards	Paid by home country	Evaluated by team leader
International joint venture	4.11	2.89	1.86	4.36	3.35
Corporate headquarters	2.89	3.76	2.9	3.28	4.31
National subsidiary	2.5	2.6	1.2	3.0	3.3
Functional teams	3.47	3.19	2.76	3.25	3.8
Regional headquarters	3.7	3.37	2.37	4.0	4.41
Business development/product launch	4.1	2.37	1.6	3.79	3.0
International task force, co-ordination team	4.0	3.44	1.72	3.37	2.6
Overall average	3.67	2.93	2.03	3.76	3.65

all – whether co-located or virtual – instead deciding to reward the whole organisation (eg Eastman Chemical, which has abandoned all team rewards).'

There is no single, easy solution to international team reward and organisations need to consider their strategic aims and organisational cultures to consider what might be appropriate in their circumstances.

### **The barriers to integrating rewards globally**

Organisational sponsors, human resources and team leaders are up against a number of large obstacles in harmonising cross-national pay schemes. These include:

- Different home country pay schemes and levels of pay depending on the economic context.
- Different taxation and legal requirements especially in bonuses and company perks such as cars, housing, education, medical insurance etc.
- Different cultural perceptions of what is equitable.
- Part-time membership of multiple teams.
- Changing working practices.

#### *Different home country pay schemes and levels of pay depending on the economic context*

It is critical to differentiate between absolute and relative pay levels. When absolute pay levels between different countries are so different, it is hardly surprising that no company to our knowledge has equalised pay at the same level across the globe. In most cases if a 'local' person moves into a job previously held by an 'international' staff member, they remain on local pay and bonuses, even if that means vastly different absolute pay levels for the same role. The following example illustrates the difficulties of trying to alter base pay levels significantly for globally mobile managers.

In a large multinational company, a manager from a high-cost country was transferred to a low-cost country. His salary was set at the local level, which was significantly lower than his previous salary. He was asked to accept this arrangement, but he was not happy. He was asked to accept this arrangement, but he was not happy. He was asked to accept this arrangement, but he was not happy.

It is not hard to see that maintaining a 'local' approach to base pay and adding in variable rewards like allowances and bonuses is the easiest way to begin.

*Different taxation and legal requirements especially in bonuses and company perks such as cars, housing, education, medical insurance etc*

One of the teams, in the video research discussed in Chapter Three, was set the task of harmonising European pay schemes to enhance the mobility of managers within Europe. There were three categories of issues. A for those that could easily be harmonised, B for those that could be resolved and harmonised with much hard work, such as the different cultural perceptions of what is a worthwhile perk and C for those that were legally impossible. Even in Europe, C was not a short list and related mostly to taxation and legal issues on company benefits.

*Different cultural perceptions of what is equitable*

Studies<sup>7</sup> suggest that many Americans still feel that it is unfair for a large part of their pay to rely on other team members. Something, we understand, many Japanese have less problem with. From the American point of view, inevitably one or two people may well end up doing a lot more work than others and that should be reflected in individually based pay. The issue of the extent to which different cultures perceive they have control over their environment, as discussed under evaluation, will also have a significant impact on how staff from these cultures will view performance related reward practices.

*Part-time membership of multiple teams*

Increasingly individuals are finding themselves members of several international teams over the course of a year. In many cases, part-time participation of cross-regional and other teams is more or less voluntary, 'part of the job'. The increase in use of information technology that allows people to remain spread out and contribute in many different ways and the difficulty, at the moment, in quantifying the impact of a lot of different types of knowledge work, mean that evaluating and rewarding contribution equitably becomes almost impossible, as the following example illustrates.

A line manager in a European chemical multinational was preparing to conduct performance reviews which would determine the percentage of performance related pay his staff would receive. After reviewing the projects and work over the year of just two of his direct reports, he had calculated that he needed to get feedback from 27 international team sponsors and leaders, just to get an accurate perception of the individuals' performance over the year. This line manager had a further eight direct reports, where the picture was not much different. No wonder he felt despairing. And the amount of performance related pay available? Between 3 per cent and 6 per cent of base salary.

### *Changing working practices*

The other challenge for organisations considering their global rewards practices is that the way people work will change so much that trying to harmonise international pay may well become a redundant exercise. It may be increasingly likely that people will have some kind of base-line contract and earn different kinds of bonuses on different teams. They will act more and more like internal consultants, 'hired for a job', rather than permanent staff and so will negotiate their rates based on their contribution to each team.

So, if base pay isn't the answer, what should organisations focus on? One aspect that has not been discussed yet is intrinsic rewards. Participation in international teams and high performance on these teams is often related to intrinsic motivations as illustrated by the following:

*'People here are skilled, experienced and self starting. With this kind of group, professionals working together – the motivating factor is love of the job and the industry. The job changes so much that the challenges are self renewing. This keeps them involved and motivated.'*

Head of IBM IASC Team in London, 1993

*'It was more intrinsic rewards such as : access to lots of senior execs across the company (helps in a highly silo-driven organisation), exposure to CEO and senior officers, being on a mission to change the corporation, above all tremendous learning opportunity, and in most cases very good for your next career steps.'*

Seagram HR Manager, April 1998

This issue of career advancement is often cited as one of the strongest motivations for participating in international teams, possibly due to increased exposure to senior management. Organisations therefore need to consider whether their evaluation and reward practices reinforce this motivation. Respondents in the (TTS) survey felt strongly that it was teams which used individual goals, appraisals, rewards and incentives, in which members were given frequent feedback, and where membership increased their knowledge of international business that most helped their careers. It was also important for careers that the members were rewarded for new ideas, good performers received more interesting work, and team members were evaluated by the team leader. Too much emphasis on home country evaluation and reward was considered unhelpful toward helping their careers.

### **Relevant rewards practices for international teams**

So given that there is no single answer to international team rewards and there are legitimate barriers to integrating rewards practices globally, what should an organisation focus on when considering its rewards policies? The following issues if handled correctly can help organisations create relevant rewards practices for their international teams.

*Decide how truly interdependent the task is*

If each team member is deeply reliant on other team members to perform their part of the task, then group rewards become increasingly relevant. The management must be clear about what improvements they expect from creating a team rather than leaving a group of individuals working independently under one function.

*Get rid of obvious inequities*

*'Oh – there is one thing that really causes hassle in our group – some of the Americans got bonuses when we got to our last key milestone and we did not get a bean – how is that for teamwork!'*

It can be worth attempting a harmonisation exercise and deciding what can be easily integrated, what could be integrated with some difficulty and what is legally impossible. This brings greater understanding of the different contexts for reward in the team. In some cases, common pots from a centralised budget can be used to iron out obvious differences, or to give an equitable team based reward over and above different individual pay systems.

*Develop simple and transparent variable team rewards*

An example would be to give everyone 10 per cent bonus on jointly agreed team goals. Alternatively split a percentage of profits after tax equitably across all the teams. Some companies see giving annual prizes for different kinds of results as the simplest way to encourage teams. The approach needs to be seen as equitable as the following example illustrates.

One company doing a project decided to reward all its employees at Christmas. However, it decided that the bonus would only be awarded to those staff who had been in the company for less than six months. The members decided they would simply put envelopes on all the relevant people's desks. They gave backing as for quite a while no one understood why some people got the bonus and others did not and when they found out many disagreed with the principle.

*Create a sense of fairness and openness*

This means involving team members in deciding performance and reward criteria and the method of distribution. Resistance to teamwork in America has

been shown to spring from team members' not being involved in deciding the rules for distributing the rewards and the lack of perceived fairness<sup>8</sup>. The act of working it through and voicing suggestions and concerns can placate most team members' sense of fairness even if the outcome is fairly rough and ready. This can be particularly important where international teams are forging into new areas, where nobody has clear answers. These four commonsense suggestions are sufficient to ensure that at the very least, evaluation and reward do not interfere with good teamwork.

Of all the factors in the (TTS) survey, the one that most affected the team's own perception of their overall performance\* was the extent to which the team members cared about each other as people. Evaluation and rewards cannot create that care, but done badly, they can damage it. Being collectively involved in setting up the criteria and processes for evaluation and feedback can at least support this care if it is there in the company.

### **Summary Learning Points**

- **Match the rewards practices to the needs of the organisation and the team – there is no single 'right' answer.**
- **Recognise that there are legitimate barriers to global integration of rewards practices and do not attempt to impose a 'one size fits all' from HQ.**
- **Don't get carried away by the latest reward 'fad' or fashion – at the end of the day reward will not make that much difference to the effectiveness of international teams.**
- **Decide how truly interdependent the team's task is.**
- **Get rid of obvious inequities.**
- **Develop simple and transparent variable team rewards.**
- **Create a sense of fairness and openness.**

This chapter has taken an extensive look at five core organisational processes that can significantly impact the effectiveness of international teams within organisations. Too often the design and delivery of these key processes is delegated to the HR professionals within an organisation. We believe this to be a fundamental mistake – not because we believe that the HR function is not competent to undertake such a task, far from it, rather we believe that these are processes which are foundations for an organisation's global capability. If they are aligned with the corporate strategic intent, they can free international teams to focus on the performance and effectiveness targets that will deliver business

\* There were no external measures.

success, if they are ignored or worse conceived and implemented badly, much organisational energy will be diverted and wasted. Senior management, HR and international team leaders and members must work together to design and implement the processes and practices that facilitate the ability of the teams to deliver.

### **Summary of Key Learning Points**

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- ***Align key organisational processes to the purpose of the international teams and the corporate strategic intent.***
  - ***Involve all the key stakeholders in the procedure of developing the processes so that they fully understand the barriers to global integration.***
  - ***Ensure alignment between the core processes – for example, don't try and reward outcomes that are not being evaluated.***
  - ***Engage team leaders and members in the design and development of these processes to increase their commitment to the output.***
  - ***Create forum to share best practice across the organisation.***
-