

International matrix

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is the quarterly newsletter of the World Federation of Personnel Management Associations (WFPMA). It is published by the Chartered Institute of Personnel and Development, which provides the Secretariat for the Federation. For further information about the Federation contact Geoff Armstrong or Susanne Lawrence at the CIPD, CIPD House, Camp Road, London SW19 4UX, England
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Next issue

The next issue of WorldLink will be published in April 2001. Please submit contributions by 28 February 2001.

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ISSN 1560-2737

Many international organisations have introduced some form of organisation structure involving two or more lines of reporting – a matrix. Typically there will be a country 'leg' to the matrix with managers reporting to a local national boss, plus a product group or functional leg where managers report to a boss with a regional, product specific or functional focus. Sometimes there are three or more legs and they may be given equal importance (solid line reporting) or may have different levels of priority (solid line for direct reporting and dotted line for more indirect reporting relationships).

NEWS IN BRIEF

Website chat page

A new section on the WFPMA website will enable users to chat and stimulate discussions with professional colleagues. Please visit www.wfpma.com/forum.html

Employee volunteering

The United Nations has declared 2001 the International Year of Volunteers. WorldLink invites readers to notify us of any new company initiatives to encourage volunteering among employees as a direct response to the initiative. See also www.iyv2001.org

BY KEVAN HALL

As these structures start to mature, it is evident that they cause a new set of dilemmas and require a new set of skills.

Global organisations need to operate effectively worldwide. Whether driven by their customers, competitors or by internal factors, this is increasingly the reality of how their activity needs to be carried out. Equally real, however, is the fact that people, problems and work are located in specific places and need to be 'owned' and managed.

A matrix recognises these different demands by giving management focus to both. The matrix does not however resolve this dilemma; it makes it a permanent part of the environment. Success depends on managing the points where these two imperatives are reconciled.

At best the matrix allows local and global realities to be reconciled; at worst it allows individual managers to pursue a narrow objective without regard for its impact on the other leg of the matrix.

In years of international skills training for over 10,000 managers in Europe, Asia and the Americas in organisations like Microsoft, Cisco, Glaxo SmithKline, Dow, GE, Hewlett Packard, Nokia and Unilever, I have found their needs and issues remarkably consistent.

Divided loyalties

The central dilemma many individuals face in this area is that of divided loyalties. Loyalty is local: we are naturally more loyal to the people we socialise with, see daily and spend time with. If a new organisation chart appears with a dotted or solid line to a stranger in another country, we cannot expect equal or more weight to flow to this individual unless we actively attract loyalty and build a sense of community.

As part of our research with over 2500 international managers, we asked whether their primary loyalty and obligation should be to their local colleagues or the remote (normally central) part of their team. In Spain and France over 60 per cent preferred loyalty to the centre; in the UK, Ireland and China the majority of people (nearly 70 per cent in the case of China) preferred loyalty to local colleagues.

Interestingly HR is one of the functions most preferring loyalty to be local.

Other findings include significant differences between cultures on preference for control or autonomy and have demonstrated that functional and industry cultural differences are just as big as national cultural differences.

In face-to-face organisations it is important to work on relationships and team building but a lot of this activity comes 'free' over coffee or a beer in the evening. In remote organisations we need to schedule time and effort to make this happen explicitly.

Multiple bosses

Individuals in a matrix can receive competing demands on their time from people who are more senior than they are. To resolve time or priority conflicts there is a need to escalate (refer issues to a more senior level in the organisation) and occasionally to challenge boss(es) openly. For this reason matrix structures are most successful in cultures where there is relatively low 'power distance' between the individual and their managers – North West Europe, the USA and Australia.

Where management styles have traditionally been more paternalistic or directive (Asia, Southern Europe and Arab cultures for instance), it is relatively hard to challenge your manager, much less give loyalty to another boss where



The first HR conference organised by the Chinese HRM Association (CHRAMA) was held in Taipei, Taiwan at the end of last year with over 500 participants from Hong Kong, mainland China and Singapore, as well as Taiwan. The theme was 'Optimising human capital in creating competitive edge'.

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the relationship may not be as longstanding. In managing trade-offs and escalation in these cultures individuals will normally give much more weight to their local manager.

To overcome these conflicts organisations need to create good communication between the legs of the matrix, clear objectives integrating the different perspectives and the skills of positive escalation and strategic prioritisation.

Thinking more broadly

One of the unforeseen aspects of matrix working is that it is often the person who is matrix managed that has to make day-to-day decisions on prioritisation rather than their multiple managers. Most people naturally tend to spend more of their time and attention on issues where they have a personal interest or there is most benefit to be derived. If there are major conflicts it is always possible to escalate to your bosses to resolve it but, if you escalate everything, you can quickly be seen as negative or incompetent.

We need to equip a wider range of people with the tools and skills to make intelligent trade-offs at this new, more

junior, level in the organisation. This means sharing more fully the strategic and tactical goals of the organisation and delegating real responsibility for making choices where competing streams of activity have to be merged at the point where the matrix connects.

The two major systems that exist to enable people to tell what is important to their businesses at the moment are the budget system and the objective-setting and appraisal process. In many companies these are still organised at a local national level. If you measure people locally, appraise them locally and finance them locally but tell them to think globally, do not be surprised if in reality they choose to follow the money. Objectives and key financial measures must be aligned to represent and reinforce the relative weight and importance of global and local activities.

Network relationships

Before the introduction of matrix structures, most large organisations had strong national country structures plus some kind of corporate staff function designed to integrate international operations.

For corporate staff people the matrix has probably made life easier, giving them more of a legitimate line role and aligning business activity at a supra-national level. For these people a more formal relationship, even if it is just a dotted line on the organisation chart, has given more authority than when their only real tool was to influence the senior line manager in a country.

For line managers, particularly the old country managers, the landscape has changed significantly. Before the matrix they 'owned' the country and the people based there.

Now they have to negotiate resources, resolve trade-offs and manage through influence and persuasion, without necessarily having traditional line authority. Often the country manager has been the main barrier to effective matrix and international working by resisting what they saw as a reduction in their power.

Getting things done by managing and maintaining network relationships involves a set of skills that do not come naturally to hard driving operational managers.

Remote management

Those managers driving the physically remote legs of the matrix have some additional challenges of managing 'virtual' teams. These operate across barriers of distance, culture, time zones and technology.

Most training still assumes that management skills are applied face-to-face and in your own culture, which is no longer the reality for many managers.

The symptoms of ineffective remote management are high levels of travel, inappropriate micro-management (often driven by lack of trust) and concerns about visibility and personal effectiveness.

Matrix working is a reality for many international organisations: they are experimenting with the relative strength of solid and dotted reporting lines, considering whether the dotted line should be to the local or the regional manager etc. A small number have even abandoned the matrix.

The real challenge, however, is to update the skills and processes of the organisation to reflect this new way of working; the HR community has a critical role in this. ○

Kevan Hall is President, Global Integration, a UK-based organisation that specialises in training people to work internationally. He will be speaking on matrix management at the CIPD's international forum meeting in London on 2 February and at HRD 2001 on 4 April.

Advertisement for directmoving.com. The background is a dark grey with a faint globe. The text 'bienvenue dans un monde qui sait bouger' and 'welcome to a moving world' is repeated in various sizes and colors (white, light grey, dark grey) across the page. The logo 'directmoving.com' is prominently displayed in the center. At the bottom, the website address 'www.directmoving.com' is shown with a mouse cursor pointing to it, and the tagline 'The Moving & Relocation Portal' is written below.