

Measuring the QBE Global Leadership Academy Effectiveness

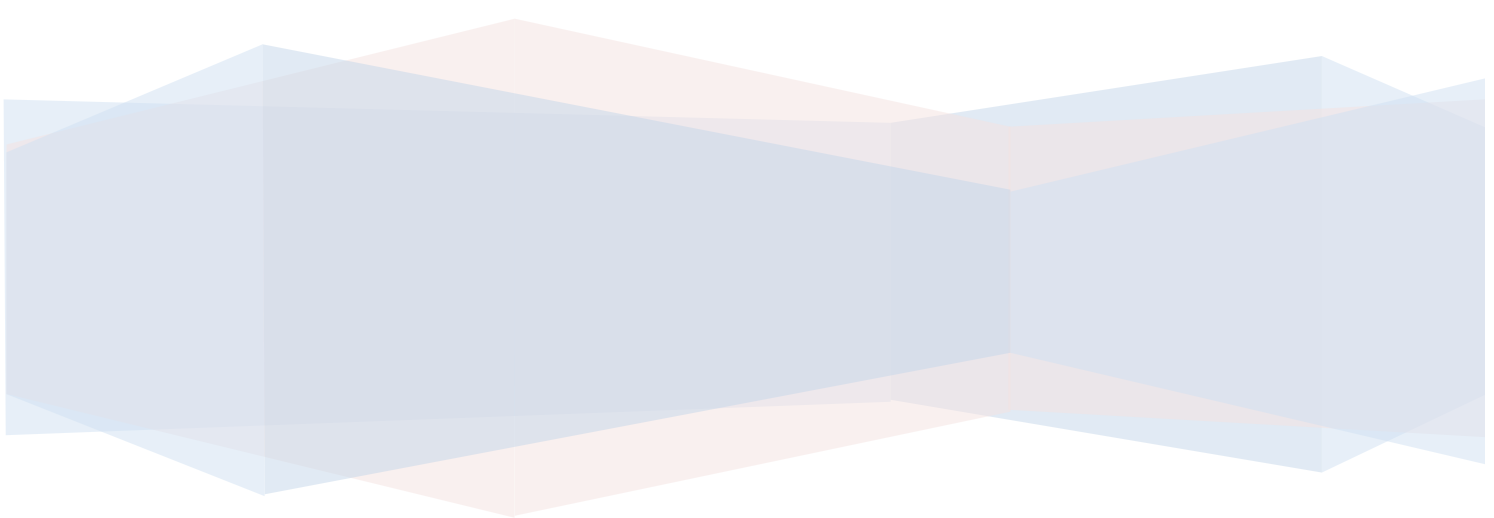
Work Project

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I. Brief Context

The Company

QBE Insurance Group is one of the world's top 20 general insurance and reinsurance companies with more than 17,000 employees and operations across 43 countries with operations in all the key insurance markets.

Market Overview

QBE Australia and New Zealand Office (ANZO) is the 'home' division of the QBE Insurance Group and it is listed in the Australian Securities Exchange and headquartered in Sydney. In Australia, the insurance market is usually divided into three components: life, general and health insurance but QBE ANZO provides localized services for personal and business insurance as well as workers compensation from more than 30 offices present in each state and territory. From 2002 until 2012, it has been named the General Insurer of the Year by The National Insurance Brokers Association.¹

Current Client Situation

Since 1982 QBE has delivered more than 135 acquisitions and has grown substantially over the last 10 years. 2013 was a year of contrasts for QBE as it made significant progress in repositioning and right sizing underperforming businesses, made excellent progress with its operational transformation program and introduced some necessary and important changes to key management.² Over the past year, the group has suffered significant change due to legacy issues in the business and having to right size its North American Operations in order to guarantee it returns to profitability. In 2013, the results were disappointing with a net loss after tax of \$254 million; however, the company has taken the necessary steps to deal with underperforming portfolios, complete extensive management changes and succession planning.

The ANZ office recorded market leading results by achieving a COR (Combined Operating Ratio) of 87.4% and grew its GWP (Gross Written Premium) by 4% in local currency. The

¹ <http://www.qbe.com.au/Australia/About-QBE/Insurance.html>

² CEO, AGM 2014 - <http://www.group.qbe.com/investor-centre/annual-general-meeting>

ANZ business is well positioned to sustain profitable growth over the medium term whilst the Asia Pacific and Latin America offices also show very prosperous results.

The Business Project Challenge

Due to the immense cultural and organisational variety resulting from its growth, the current challenge for QBE lies in thinking and acting as one truly global company. In order to achieve this, QBE needs to adopt a consistent and aligned approach in the way it manages, grows and builds business around the globe. ONE QBE, a strategy led by CEO John Neal, aims to unite the company's vision, values and identity across all its different subsidiaries.

As part of this strategy, QBE launched the Global Leadership Academy (LA) in July 2013, a leadership development training that aims at reaching 3 000 participants by the end of 2016. As of March 2014, 655 participants have undergone the program and initial LA outcomes can be observed. In order to ensure adequate development of the LA, regularly evaluating the impact on participants and business results is paramount for continuous improvement.

While the general usefulness of such programs is of little dispute among international corporations, economic circumstances and financial cutbacks often demand careful financial consideration. More often than not, HR faces the challenge of having to justify an investment that was made into developing seemingly intangible skills of an organisation's leaders. Unfortunately, due to the nature of these skills, quantifying the impact of leadership programs on both a personal and business level has posed difficulty for researchers from a variety of different corporate training programs, resulting in seldom and fragmentary ROI analysis. Therefore, the challenge posed by QBE to our team essentially aimed at answering two questions: (i) Is it possible to and how can the LA effectiveness be measured? And (ii) What is the current effectiveness of the LA?

Summary of conclusions

After having conducted both primary and secondary research based on interviews with past participants and analysing academic studies and benchmarks, respectively, a framework was generated with numerous tools and metrics, which can be easily applied by QBE to measure the effectiveness of the LA. This toolkit not only serves to evaluate current assessment but also remains a sustainable tool for future appraisals. At this moment in time, it was concluded that the LA was currently effective and a summary of the main areas impacted as a result of

this training were presented to the company.

II. Further Development of a Specific Topic

Deployed across different organisational levels, ranging from Emerging Leaders to Executive Leaders,³ the LA program content is built on the four quadrants of QBE's leadership essentials: business, results, people and personal leadership.⁴ When pursuing the goal of becoming ONE QBE, the company is currently facing a very big challenge when it comes to culture. In order to promote the environment to achieve this ambitious strategy, the company must itself learn how to deal with the different cultures present across its offices around the world as well as train its managers to become global thinkers.

a. What was the original approach to this topic?

Our team came across this issue with cultural challenge through the interviews with participants. The Latin American participants complained about the poor translation of the training material, which in turn affected the whole credibility of the program in the region and, similarly, the participants in the Asian office were not comfortable with having an external facilitator for the training and having to themselves pick an internal mentor when they would rather have the company formally assign one for them. There was a clear problem associated with understanding the different cultures present in the QBE offices around the world and tailoring the different regional programs according to such preferences. Originally, this topic of becoming more culturally aware was suggested very broadly to QBE under the opportunities for improvement in the last part of our report.

b. What are the main limitations of the approach used?

The approach used does not provide the company with the tools and steps to take in order to solve the current issue associated with training their managers to work in a culturally diverse context. Moreover, there was not more in-depth analysis of what exactly cross-cultural training encompasses and how the company can go about developing the capabilities of its managers to become global leaders.

³ Appendix 1

⁴ Appendix 2

c. What would you have done differently when developing this topic?

In the report, the problem was simply identified and could have been further explored in order to restructure the leadership training programs to better suit the needs of each particular local office. It is vital for QBE to understand that if it wants to become ONE QBE employees must *understand* each other and speak a *common language* across the globe.

Seeing as culture creeps its way into nearly every thing we do, a working knowledge of culture and how it influences human behavior can be very useful to companies such as QBE who need executives with a global mindset and cross cultural leadership abilities.⁵ If the firm is able to master the idea that what works in one country won't necessarily work in another then it is off to a great start.

In order for its managers to work towards a better cultural understanding and adaptability, Javidan et al. propose a two-step approach in their paper 'In the eye of the beholder'. Firstly, a manager must share information about his own culture as well as the culture of the country in which he finds himself in order to avoid misunderstandings. Rather than searching for advice on how to adapt and adjust to other cultures, one should present the similarities and differences of each culture in order to avoid predetermined stereotypes which can prove to be false or exaggerated and put up an obstacle right at the start. For example, if a QBE Australian manager is in Argentina then he should communicate to his employees how the Australian and Argentinian cultures and leadership attributes compare. Firstly, he should present the similarities, which is a good starting point to build mutual understanding and then move on to the second step. The manager needs to think about a way to bridge the gap between the two cultures rather than trying to become more like them. In other words, it is crucial that the managers refrain from changing their ways to imitate the typical management style used by that culture but he or she should make employees understand their specific approach to leadership and why they have adopted it as it will in turn deal to a more appropriate style for the manager himself rather than a sign of weakness. If the manager wants to successfully bring together the two cultures then the employees must be aware of the managerial functions the manager is willing to change and the functions he or she would like the employees to change so that then there is common ground to build a combined culture in the workplace. From then on both the managers and the employees must work towards accommodating and strengthening each other's cultures and the manager must certify that the

⁵ In the eye of the beholder, page 67, see bibliography

employees are playing an active role in this process so that it has an inspirational, enlightening and constructive outcome.⁶

For example, in the paper ‘Can we Talk’, the authors look at communication between cultures and although it is a very westernized thought to solve issues by talking about them, conversely in Asian countries, people tend to prefer expressing feelings in a more indirect manner and use more ambiguous words. Therefore, QBE must understand these particularities and specificities of each culture as ‘forcing’ certain things on specific cultures, such as forcing Asian people to talk when it is not appropriate this may actually cause more interpersonal tension.⁷ The authors suggest that actually talking about it may not be an effective conflict management strategy and that there are alternatives to talking that include, for example, aesthetic approaches. Therefore, QBE should keep in mind how important it is to become aware of how to manage emotional conflict in teams and how language affects their performance and the dynamics in cross-cultural exchanges.⁸ A key point that QBE must understand is that the obstacles associated with work group diversities should not be seen as barriers to productivity but rather as a valuable asset to the company. The existent different points of view in heterogeneous groups allow for the generation of a more diverse set of approaches to problem solving approaches which allows for a more effective group discussion leading to higher quality decisions. The important thing to remember is that if the group members belonging to these culturally different work groups share the same common goals and values then this cultural diversity can lead to more beneficial outcomes.⁹

An useful tool for QBE would be to look at studies such as the GLOBE¹⁰ research program which provides a sound basis for conceptualizing worldwide leadership differences using the case of an American executive who leads four teams in countries like Brazil, France, Egypt and China.¹¹ Just as Hofstede has done in the past, Javidan et al. have gone one step further and developed nine common cultural dimensions (Performance Orientation, Assertiveness, Future Orientation, Humane Orientation, Institutional Collectivism, In-group Collectivism, Gender Egalitarianism, Power Distance and Uncertainty Avoidance) relating to specific characteristics of a country’s culture and how they are essentially distinct from others and the

⁶ In the eye of the beholder, page 84, see bibliography

⁷ Can we talk and should we talk?, page 584, see bibliography

⁸ Can we Talk, page 590, see bibliography

⁹ Cultural Diversity at Work, page 234, see bibliography

¹⁰ Global Leadership and Organizational Behaviour Effectiveness

¹¹ In the eye of the beholder, page 67, see bibliography

managerial implications associated with these dissimilarities.¹² For example, looking at the Assertiveness dimension, the GLOBE study looks at the degree to which individuals are (and should be) assertive, confrontational and aggressive in their relationships with others. In this respect, the people from the US and Austria are highly assertive people so they tend to have can-do attitudes and enjoy competition in business. Less assertive are the Swedish and New Zealanders who prefer harmony in relationships and emphasize loyalty and solidarity.

This study provides QBE with many answers and solutions to the current issues they are currently facing in adapting their various leadership training programs to the different cultures in order to deliver the workshops and structure the programs themselves in the most suitable way given each culture's specificities. For example, a simple concept such as the one of working alone or in a group is perceived very differently around the world and therefore this could question the use of virtual teams by QBE. Another example in terms of similarities and differences in the countries' leadership profiles is the fact that whilst an attribute such as irritability is universally undesirable, conversely an attribute such as compassion is culturally contingent in that it is much more desirable in the US than in France.

There is a big difference in understanding and respecting the other culture and *how* to actually understand and respect it. For example, understanding the Australian culture will be quite different from understanding the Argentinian culture as these two countries have two different cultures to start with.¹³ According to Javidan, the true essence of global leadership is reflected in the ability to influence people who are different from their own leader and have different cultural backgrounds and, therefore, to succeed, managers essentially need to dominate three different attributes: they must have a global mindset in which they are able to understand the variety of cultural and leadership paradigms as well as different competitive frameworks, tolerate high levels of ambiguity as a new country in turn means learning how to do things they have already been doing in a new way and, lastly, they must show cultural adaptability and flexibility in order to understand other cultures and behave in a way that helps them achieve goals and build strong and positive relations with local people. The latter may be the one that poses the biggest challenge as one must have the ability of developing personal relationships very differently according to the country in which it finds itself in. To some extent, this change in behavior may at times question one's own identity and not everyone can successfully do this, therefore, QBE should work towards providing the tools to make this

¹² In the eye of the beholder, page 69, see bibliography

¹³ In the eye of the beholder, page 84, see bibliography

process more feasible and attainable for its managers.¹⁴

Rather than just telling QBE that it has to train its managers towards becoming more culturally aware and adaptable I have opted to provide them with specific material as a starting point to the research they should carry out in order to devise a cultural training program to enhance its pool of global leaders. For example, the firm can use available information on cross-cultural and global issues as well as country specific reports. In their study, Javidan et. al recommend a variety of software packages such as a multimedia package called “Bridging Cultures” which is a self training program for those who will work and live abroad.¹⁵ In addition, QBE can look at several services such as Culture Grams¹⁶ and Global Dynamics Inc.¹⁷ as these provide useful information on topics such as country-specific information and cross-cultural training for expatriates. QBE can make use of these resources to all expatriates and non-expatriate managers seeing that at the end of the day a manager must learn how to interact with other cultures just like an expatriate would be expected to. In addition, QBE can look at the CIA World Factbook¹⁸ as it provides a great overview of every country in the world.

Although all these resources are very helpful and definitely prove to be a very useful component for QBE and its managers, it should be used as a complementary tool to practical experience. For example, Javidan et al. argue that such programs are very popular among multinational corporations; however, they are not highly effective when it comes to developing global leaders. Therefore, if a company such as QBE wants to effectively develop global leadership capabilities and shape this global perspective in its managers, it should look towards offering them with work experience and international assignments. Looking at benchmarks, we can see that companies such as General Electric, Shell, Citigroup, Siemens and Nokia are resorting to this method and giving their high potential employees these international assignments in order to develop their global mindset and competencies.¹⁹

In conclusion, devising programs that develop a global mindset in leaders has been called “the

¹⁴ Javidan et al., In the eye of the beholder, page 85, see bibliography

¹⁵ Javidan et al., In the eye of the beholder, page 86, see bibliography

¹⁶ www.culturegrams.com

¹⁷ <http://www.global-dynamics.com/cultural-intelligence/expatriate-services>

¹⁸ <https://www.cia.gov/library/publications/the-world-factbook/>

¹⁹ Javidan et al., In the eye of the beholder, page 86, see bibliography

biggest challenge that looms in the new millennium for human resource managers”²⁰ and, therefore, QBE has to go back and extensively rethink its training programs and complement the existing programs with additional coaching on cultural awareness and understanding in order to take a step in the right direction towards achieving its global strategy of becoming ONE QBE.

²⁰ Javidan et al., In the eye of the beholder, page 85, see bibliography

III. Reflection on Learning

a. Previous knowledge learned from your Masters program

i. Masters content applied

Given the particularity of the topic studied in this Business Project, a subject such as Leadership Training was a theme I had not yet come across during my studies. Nonetheless, courses such as Human Resources Management and Global Management Practice touched upon some of the areas explored such as leadership training, personal and people development and performance management.

b. New knowledge

i. New methodologies and tools used (marketing frameworks, financial models, project management practices, etc.)

The overarching theoretical tool used in this Business Project was the theoretical four-level framework proposed by Kirkpatrick – later amended by Philips through the addition of a fifth level known as ROI²¹. This model has proven especially relevant in evaluating the impact of leadership training and development on business results. Using this theoretical background, the team developed a new framework encompassing the different steps QBE should take to measure the effectiveness of its leadership training. Moreover, a ‘thermal’ map was developed to analyse the areas of impact of the training as well as a proposed formula to measure the ROI of the program.

c. Personal experience

i. Your key strengths & weaknesses - insights from participating in this project

Not all team projects turn out to be as smooth as we expect them to and unfortunately (or should I say fortunately) this business project was example of such a project. I say it was a fortunate encounter seeing as it has been enlightening in allowing me to find new things about myself such as being the motivator, the one who will bring optimism and positivity to the group when things get tough. I am also very direct and honest and I do not like it when things are left unsaid or when people aren’t completely sincere. On the other hand, I can be someone truly stubborn and have difficulties accepting an outcome different from what I expected and desired. In addition, I have discovered that I can become ‘too direct’ in a way that I don’t filter things as I should and let my emotions cloud my better judgment. Lastly, I realized that there are times that I lack the sensitivity to listen and acknowledge each and every person’s contribution and sometimes am too distracted to care about what other people are saying.

²¹ Appendix 3

ii. Plan to develop your areas of improvement

As Drucker puts it, “More often, people know what they are not good at – and even then more people are wrong than right (...) We need to know our strengths in order to know where we belong.”²² Therefore, in my career and personal life, I will not work towards trying to be good at what I am bad at but rather be the best in what I am truly good at. We cannot turn our weaknesses into strengths; we can simply reduce the effect of such weaknesses. For example, I believe I will always be stubborn, it’s innate to me and I must accept it is a characteristic of mine, however, I can and must definitely work on it to reduce the negative impact such a weakness brings out on me and on the people around me. I also don’t want to go from being a talker to a listener, I simply want to talk more wisely and listen more carefully. Lastly, if I want to grow, challenge and improve myself I must become self-aware. Robert S. Kaplan once said, “part of the process of maturing as a leader is learning to step back and think about what creates pressure for you, being self-aware (...)”²³ and I believe this is truly important as, nowadays, we get too caught up in everything we do, in our everyday lives and we tend to lose track of where our life and career are headed.

d. Benefit of hindsight: what added most value? What should have been done differently?

Clearly, what added most value was the fact that we were such a diverse team of individuals: two Russians, one German, one Spanish and one Portuguese definitely bring to the table many different points of view that only benefit the overall robustness and quality of our final project. Personally, I feel that as a group there could have been a greater synergy between us and we could have carried out more team building activities, as our team was very much detached. We could have also delineated a conflict solving strategy for when things got rough as ‘emotional conflict – negative emotions such as frustration, irritation, even anger – is dysfunctional for team performance.’²⁴ Looking back, I believe we could have taken more time in familiarizing ourselves with each other and our working methods. We could have had an introductory session to share our particularities and how we work when in a team – just like a manager in a company should do when he goes in an international experience, we too should have shared to make everyone aware, to bridge any caps and to create a combined working culture so that there is common ground for understanding.

²² Drucker: ‘Managing oneself’, page 100, see bibliography

²³ Kaplan, Robert: “What to Ask the Person in the Mirror”, page 95, see bibliography

²⁴ Glinow M., Shapiro D., and Brett, J. – “Can we *talk*, and should we? Managing emotional conflict in multicultural teams” – page 578, see bibliography

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Appendix

Appendix 1 – Leadership Hierarchical Levels



Appendix 2 – Kirkpatrick Model (amended by Philips)



Appendix 3 – QBE’s Leadership Essentials

