

International sales performance management within start-ups: towards a holistic framework

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ABSTRACT, *In the globalising world start-ups often seek international growth from their establishment. However they often lack experience when it comes to sending salesman abroad. The author tried to offer a helping hand to start-ups that encounter this problem by reporting the insights obtained from a systematic literature research and semi-structured interviews and by developing an initial international sales performance management (ISPM) framework with a focus on start-ups. The framework consists of six pillars (Personal growth, goal setting, compensation plan, appreciation, empowerment and expatriate adjustment) and three mediating factors (Job engagement, motivation and job satisfaction). A checklist with all the recommended practices for start-ups is developed. This checklist can be used by start-ups to see whether their international sales performance management is in line with the existing theory. Additionally it is discussed how international sales performance should be measured and a list of metrics that measure performance is identified. All the theory is applied to the start-up SciSports, which resulted in an action plan for improvements of their international sales performance.*

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Keywords

International sales performance management, start-ups, expatriate salesman, country managers, international human resource management, sales

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1. INTRODUCTION

The first international sales are of major importance for born global firms. ‘These are ventures that were launched to exploit a global niche from the earliest days of their operations’ (Zijdemans & Tanev, 2014, p. 5). The problem is that start-ups lack experience with expatriate salesman. Consequently they often face difficulties with managing such important employees on a physical distance with limited resources efficiently.

The University of Twente start-up SciSports, the company for which this research is carried out, faces this same problem. It is a data intelligence company for professional football clubs. They place a so-called ‘nestor’ between the football club and SciSports who acts as a middleman. The majority of clubs see the value of data but don’t have the resources to set up an entire data department (SciSports, 2016). Currently the client base consists mainly of Dutch Football clubs but SciSports feels that it is ready to conquer the international market. To gain a firm foothold within the United Kingdom (UK) they employed a country manager in Manchester. A country manager is responsible for generating leads, turnover and building long-term customer relationships in a certain country. The performance of this country manager will determine the successfulness of SciSports for the coming years. Hence his performance needs to be improved.

Therefore the practice of ‘international sales performance management’ (ISPM) will be adapted to be suitable for start-ups’ in order to be useful in the context of start-ups that based their growth on an international sales strategy. ‘Performance management (PM) can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams’ (Armstrong, 2006, p.1).

1.1 STRUCTURE

The main body of this research consists of a theoretical part and a qualitative research part. First the theoretical framework is discussed, which consists of an initial framework, methodology, results and a final holistic framework. Second, the methodology for the qualitative research is discussed. It aims to map the status quo and validate which metrics are most important to measure performance. Third, the findings of the research are presented. Finally recommendations are made based on a checklist, which is used to identify differences between theory and practice and a dashboard that monitors the international sales performance is developed.

1.2 Research goal

Propose an ISPM framework that includes the factors that influence expatriate salesman performance and how these factors can help to improve international sales performance within start-ups that have limited resources.

1.3 Research question

Which factors influence expatriate salesman performance in a start-up?

1.4 Practical relevance

In order to ensure the long-term continuity of SciSports, a larger market than the relatively small domestic market, is needed to become profitable. This means the company’s survival depends heavily on successfully capturing the international market possibilities. This ISPM framework should be a good starting

point when managing a newly hired expatriate. This thesis also needs to provide useful recommendations for SciSports.

1.5 Theoretical relevance

This research builds upon the PM literature. Table 2 shows that none of the current papers and books in this field capture the topic of ‘international sales performance management within start-ups’. Most research so far focuses on PM in general. This thesis is theoretically relevant because it fills the identified gap by forming a bridge between ISPM and start-ups.

Key concepts

Start-ups: ‘a high-growth venture that has the primary goals of profitability and growth. Its management uses innovative strategic practices’ (Friar & Meyer, 2003, p. 147). This definition excludes the second type of start-ups: ‘micro businesses that are independently owned and operated, do not dominate either its local or national field, and tend not to engage in innovative practices’ (Friar & Meyer, 2003, p. 147)

Performance management: ‘a systematic process for improving organizational performance by developing the performance of individuals and teams’ (Armstrong, 2006, p.1).

Employee engagement: ‘engaged employees have high levels of energy and are enthusiastic about their work. Moreover, they are often fully immersed in their work so that time flies’ (Bakker & Demerouti, 2008, p. 210)

Expatriate adjustment: ‘the degree of comfort or absence of stress associated with being an expatriate.’ (Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005, p. 257)

2. THEORETICAL FRAMEWORK

The topic, ISPM, lies on the intersection of PM and international entrepreneurship. “PM is one human resource management practice that is highly important for the company and closely linked to the company’s strategy and values” (Hellqvist, 2007, p. 2). However, in this globalising world the academic literature has paid only scant attention to the PM of expatriates in specific. Moreover the literature that does exists, focuses almost exclusively on the Performance Appraisals process rather than on the broader issue of the PM system. (Claus & Briscoe, 2009).

2.1 Initial holistic framework

Authors identify different ISPM activities because they focus on different mediating factors. The several mediating factors between PM and performance are employee engagement, motivation and job satisfaction. Therefore three different perspectives are combined to construct a comprehensive list of PM pillars. Table 1 shows the three different perspectives. The first perspective shows how different practices of PM can increase performance by enhancing job satisfaction. This perspective is clarified in the book of Michael Armstrong (2006), who is the author of several best-selling HR titles including Armstrong’s handbook of Performance Management. The second perspective argues that PM increases performance by enhancing salespeople’s motivation, which was researched in the context of B2B specifically by Buciniene and Skudiene (2009). The third perspective explains which activities can be used to enhance employee engagement in order to increase performance (Mone, Eisinger, Guggenheim, Price, & Stine, 2011).

AU	Armstrong (2006)	Buciuniene & Skudiene (2009)	Mone et al. (2011)
MF	Job satisfaction Commitment	Motivation	Employee engagement
PG	Development planning	Personal growth and ability	Managing employee development
GS	Objective setting		Setting performance and development goals
CP	Rewarding (Both financial and non-financial)	Financial compensation and incentives	
AP	Feedback	1. Leadership and supervisor feedback 2. Recognition of effort and results	1. Providing ongoing feedback and recognition 2. Conducting mid-year and year-end appraisals
EM		Employee autonomy	Building a climate of trust and empowerment
TW		Teamwork	

Table 1: The PM activities according to three different authors: personal growth (PG), goal setting (GS), compensation plan (CP), appreciation (AP), empowerment (EM) and Teamwork (TW).

To develop an initial framework a combination of the three perspectives, shown in Table 1, is used as the basis. The activities are regarded as pillars that ultimately influence performance. However teamwork is left out since most expatriate salesmen will start working on their own. Moreover, “expatriate adjustment” is a factor that has influence on expatriate performance, hence it is added as pillar to the model (Bhaskar-Shrinivas et al., 2005). They identified three different types of expatriate adjustment: cultural, work and interactional. The proposed list of pillars that influence performance looks as follows:

- Personal growth
- Goal setting
- Compensation plan
- Appreciation (feedback, appraisals and recognition)
- Empowerment
- Expatriate adjustment

2.2 Method Systematic Literature review

The initial framework provides enough insides to carry out a Systematic literature review (SLR). The SLR aims to find out what previous research is done on ISPM and whether this existing literature supports the initial model. The SLR is extended with additional literature in order improve the completeness of the literature review. Sequentially the results are presented, after which a final holistic framework is proposed.

To improve the thoroughness of the literature review a SLR was conducted. “SLR’s differ from traditional narrative reviews by adopting a replicable, scientific and transparent process” (Tranfield, Denyer, & Smart, 2003). The ‘Preferred Reporting Items for Systematic Reviews and Meta-Analyses’ (The PRISMA Statement) is adhered as much as possible to ensure transparent and complete reporting. The goal of this systematic literature research is to look at the existing literature on ISPM.

Search strategy

The first search query “International sales performance management” did not show any result. So either this concept is new or less specific terms are used in the literature. To capture all the papers that could deal with this topic, three different parts are identified: salesman performance, sales performance management and international performance management. Therefore the following three search queries have been used:

1. International OR global OR abroad OR foreign AND "Sales Performance" OR "Sales Effectiveness" OR "Sales efficiency".
2. “Salesm?n performance” (the ? is used to capture both salesman and salesmen)
3. “International performance management” OR “sales performance management”

All databases were filtered on English language and for Business Source Elite the additional filter, ‘only peer reviewed articles’ was applied; this option was not available for the other databases, so these articles were manually checked on this criteria.

Specification of time frame the search was limited to

The time frame was set from 1985 till present, which is April 25, 2016. In 1985 Churchill et al. conducted a meta-analysis that tried to identify the determinants of sales performance. These researchers are considered as experts within their field (Erasmia & Kaufmann, 2011). They included 116 papers in their analysis so it can be assumed that this paper gives a complete overview of the state of research in 1985. Hence the SLR focuses on the articles released after 1985.

Sample description

A total of 280 records were found in the databases. After the duplicates were removed, the remaining 218 were screened on whether they covered the ISPM topic. After screening the titles, journals and abstracts another 168 were thrown out because they were not related to sales performance or published before 1985. The remaining 49 articles were scanned on whether they were related to PM. Another 28 were filtered out, because they focused on: Recruitment (7), Marketing (6), Negotiation process (5), IT systems (4), MNE’s subsidiary performance (3), Strategy (3). There was a high diversity of journals and authors; no single first author was the same. Only two Journals were selected more then twice: European Journal of Marketing, and Journal of Personal Selling & Sales Management. Of the remaining sample that will be reviewed on their full text, 10 (out of 21) were less then 5 years old (2011+). This indicates that this topic still is receiving significant attention among researchers. An SLR flowchart is included in appendix 10.1

For the full text analysis the following inclusion criteria were used.

The study eligibility criteria are that all types of studies are included since this is an exploratory research. The articles should cover the topic of ISPM and preferably be focused on start-ups.

The report eligibility criteria are such that only reports written in English are considered. The articles need to be published in peer-reviewed journals or books from well-established publishers to increase the reliability of the sources. Year of publication: As explained before all articles within the time frame of 1985 till present.

Three major databases are included. Scopus found respectively 80, 8 and 5 results on the search queries. The Web of Science found 40, 4 and 1 results. The third database, Business Source Elite found 130, 12 and 6 articles. In order to make sure the articles are written in the right context another criterion was added. Since Articles that contain all 4 pillars are non-existent, The articles need to deal with at least 2 of the elements in order to be useful. The three leading papers, which are listed at the top of Table 2, are exempted from this criterion since they form the basis for the SLR.

The full text screening filtered out all the papers that did not at least cover 2 of the 4 main pillars of the paper, which are: International, Sales performance, performance management and start-ups. 12 out of the 21 papers did not fulfil this requirement and 1 paper did but focused on sales force design instead of salesmen performance. This leaves 8 articles for the synthesis. Table 2 shows which pillars are covered by the literature found in the SLR. It is clear from this table that none of the papers covers all of the identified ISPM pillars. This table visualizes the gap in the current literature. The synthesis will be based on these articles.

2.3 Results

Table 2 shows that all the ISPM pillars were covered by at least one of the articles. Chen, Peng, and Hung (2015) and John, Francis, Chukwu, and Innocent (2012) both agree that motivation is the mediating factor between the different topics and organisational performance. Although Storbacka, Polska, and Sääkjärvi (2011) propose a direct link between PM and performance.

Personal Growth

Personal growth is about the individual growth of an employee. It can be defined as: “change within a person that is cognitive, behavioural or affective” (Robitschek, 1999, p. 197) Personal growth is seen by the literature as a key motivational factor and can enhance performance and if done correctly even be a competitive advantage (Baldwin, Garza-Reyes, Kumar, & Rocha-Lona, 2014; Boyer, Artis, Solomon, & Fleming, 2012; Bryan, 2006). All selected articles on personal growth consider it positively linked to performance.

Kotler, Armstrong, Wong, and Saunders (2008, pp. 787-788) describe the initial trainings period, which consist of three stages and takes on average 4 months. It starts with learning basic sales competencies, if necessary. After they need to learn about the specific market, familiarize themselves with the products or services and find out about the existing customer relationships. The final stage is to learn the field procedures and responsibilities. Self-directed learning is an approach that empowers employees to control their own growth. If implemented correctly it enables employees to work on their personal weaknesses that help them to achieve organisational goals (Boyer et al., 2012). Sinha and Zoltners (2005) argue that career planning can decrease the outflow of human capital, gained through personal growth initiatives or proper recruitment. Career planning gives employees a clear future perspective, which ties them to the company.

Author	PG	GS	CP	AP	EM	EA	International	Sales performance	PM	Start-ups
Armstrong (2006)	X	X	X	X					X	
Buciuniene and Skudiene (2009)	X		X	X	X			X	X	
Mone et al. (2011)	X	X		X	X				X	
Guy (1996)						X	X	X		
Sinha (2005)	X	X			X		X	X	X	
Bryan (2006)	X							X	X	
Miao (2007)		X	X					X	X	
Boyer (2012)	X				X			X	X	
John (2012)		X	X	X				X	X	
Md Isa (2012)				X				X	X	
Fournier (2013)	X							X	X	

Table 2: Overview of topics covered by papers from the SLR: personal growth (PG), goal setting (GS), compensation plan (CP), appreciation (AP), empowerment (EM) and expatriate adjustment (EA).

Goal setting

The goal setting pillar is the process of setting goals. Setting appropriate goals can enhance performance. Employee engagement will increase if the goal is perceived as fair and if it has an optimal level of difficulty (Mone et al., 2011).

Both the papers of Miao, Evans, and Shaoming (2007) and John et al. (2012) point out the importance of involving employees within the goal setting process. However their reasoning is different. Miao says it is necessary in order to determine the optimal level of goal difficulty considered to be challenging for a specific salesperson. On the other hand John says that the employee needs to regard the goal as fair in order to enhance its performance. Sinha and Zoltners (2005) adds to this discussion that objectives must be clear and can be linked to tangible success, which then creates a virtuous cycle by energising participants. Eventually the goals should lead to a performance agreement, where expectations are clearly stated. The goals need to be specific, measurable, attainable, relevant and time-bound (SMART) additionally they should be clearly linked to the company strategy.

Compensation plan

A Compensation plan is the financial compensation that an employee receives for his services. Most often it is a combination of a fixed salary and a variable incentive. This incentive can take different forms such as bonuses or stock options. Financial incentives are key, but only as the starting point of the motivation process (John et al., 2012). Tremblay, Côté, and Balkin (2003) are the first ones to integrate the three main perspectives on sales compensation: agency, transaction costs and resource dependence theories.

According to the agency theory the compensation plan should align the interest of the company and the employee. The transaction costs theory argues that the mutual interdependence between the employer and employee should be increased. This in order to reduce the costs of staff-replacement costs such as hiring and training new ones and key information and contacts that will be lost when a salesman leaves the company. The resource dependence theory argues that the company is depending on employees in critical positions, such as country managers, and that a proper compensation plan is needed to retain and attract competent sales people. The theory that maximizes the organisational performance depends on the situation.

Sales expatriates that are employed by start-ups typically have tasks that are less programmable, behaviour that is harder to control and operate in a market where the company has a relatively low market share. Additionally in the case of SciSports the country manager can be flexible and adopt products and services to suit specific customer needs. These characteristics are all in favour of a compensation plan with a relatively high incentive/salary ratio. However there are two counter arguments that are in favour of a lower ratio. The first one is that salespeople who tackle more challenging tasks relative to their capabilities should receive a higher percentage of fixed salary (Miao et al., 2007). The second is that companies, such as SciSports, that deal with products that customers find technically sophisticated, should be careful that the financial incentives do not promote 'overselling'. This happens when salespeople overclaim the added value of the product. This leads to lower satisfaction levels that in turn cause lower profits in the long term (Kalra, Shi, & Srinivasan, 2003). The incentive/salary ratio is a trade-off that every company, that send a salesman abroad, need to make. Companies also need to make sure that they retain sales people that are performing

exceptionally well, this is often done by letting them share in the organisational successes via bonuses or stock options. Lastly the tax system can influence the payment structure, it can be that expatriates pay less taxes on housing, education and travelling depending on the country.

Appreciation

Appreciation is the container term for feedback, appraisals and recognition. Together these practices can make an employee feel appreciated. 'Over time, the return on investment will be significant in terms of reduced absenteeism, lower staff-replacement costs, improved customer satisfaction, a more positive work environment, less conflict, increased productivity and employees and managers enjoying their work more' (White, 2015). The same paper also argues that there are four conditions that needs to be fulfilled in order for employees to truly feel valued: regular communication, individual and personal approach, meaningful to the recipient and it should be perceived as authentic instead of something that managers are supposed to do.

John et al. (2012) says that Feedback is an important opportunity for the manager to motivate his employees. It gives the employees a sense of belonging to the organisation and enhances performance. Recognition can be viewed as a form of positive feedback linked to an employee's behaviour or accomplishment of a specific goal or task. The more often salespeople receive positive feedback from their direct supervisor the higher their job satisfaction and performance will be (Buciuniene & Skudiene, 2009). The recognition that often comes from these conversations makes these employees feel valued and increases job satisfaction (Md Isa, Cheng Wei, & Mohd Yunus, 2012). Therefore it is important to give positive and negative feedback with a positive attitude. Additionally the feedback should be on actual behaviours and events in order to be meaningful to the recipient.

360-degree feedback is an upcoming performance management practice. It can be defined as: 'The systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders (raters) on their performance' (Ward, 1997, p. 15). Raters include peers, subordinates, supervisors and the employee himself. These raters fill in a form on the performance of an employee. 360-degree feedback gives structured insights in current performance and identifies opportunities for future development (Gray et al., 2002).

360-degree feedback is a proper starting point during appraisals, since multi-source feedback reduces the defensiveness of the employee because the data is perceived as more objective and constructive. This could lead to a more productive feedback where the focus is on the future instead of agreeing on the performance (Conger & Toegel, 2002). 'Whether or not feedback is anonymous depends on the organization's culture, the more open the culture, the more likely is the source of feedback to be revealed' (Armstrong, 2006, p. 162). Start-ups typically have an open culture and therefore anonymous feedback would be in contradiction with the company's values. Also for start-ups it is advisable to keep the form short, which makes it easier and cheaper to apply.

To use appraisals in order to foster employee engagement the appraisals should be perceived as fair. The more that appraisals are objective, transparent, solicit the employee's input, promote two-way dialog between managers and employees, contain clear performance criteria and metrics, have a transparent linkage to administrative outcomes such as promotion and

compensation, and are aligned with overarching corporate or departmental objectives, the more they tend to be perceived as fair' (Mone et al., 2011). A common pitfall is that appraisals are too much backward looking instead of forward. Appraisals should focus on enhancing performance in the future. There needs to be a balance between performance increase and developmental needs to achieve this (Armstrong, 2006).

Human resource specialists are debating whether performance and resource appraisals need to be separated. The general view has been that these two need to be separated. This is based on the argument of McGregor (1957) who argues that appraisals are dysfunctional if salary matters and performance matters are both on the agenda, because trait-oriented appraisals force supervisors to play the uncomfortable role of judge while at same time are expected to be a coach and a helper. This was supported by a famous study within General Electric that suggests separating appraisals into salary discussions and performance meetings at two different times (Meyer, Kay, & French Jr, 1965). However this view is criticised by others. The assumption that underpins McGregor's argument is questioned by Newton and Findlay (1996, p. 43): 'it seems unlikely that an employee will view an appraisal as a purely helping/counselling exercise where they may 'confide' their job difficulties and anxieties, when there is often the possibility (even if not stated) that the appraisal 'data' will be used in assessing promotion, transfer 'or even a demotion'. Brumback (1988) strengthens the critique by highlighting that there can only be one 'performance' that is the same in both meetings, so it would save time and money if both performance and salary are discussed in the same appraisal. Additionally he argues that performance improvement is over emphasised and this could be irritating or pointless to employees who get the job done and do not want or need improvement. Managers also tend to store improvement items so to make sure there is enough to talk about instead of sharing the issue directly. Although none of the literature is focused on start-ups, it can be argued that one comprehensive appraisal would be more sufficient considering the limited resources and the often under developed HRM department of start-ups. The physical distance of expatriates makes it also more convenient and less costly for both the expatriate and the appraiser.

Empowerment

Empowerment is the level of autonomy that employees have to make their own decisions. There are several extensive employee control mechanisms that aim to control employees as much as possible. However these mechanism have multiple disadvantages: time-consuming, costly and they kill creativity. Creativity is also needed within the sales function and influences performance positively (Groza, Locander, & Howlett, 2016). Additionally a lack of trust and empowerment can lead to decreased engagement. Employees who are empowered feel responsible and this makes them emotionally attached to their work, which leads to an increased performance. Sinha and Zoltners (2005) argue that local subsidiaries can better identify the needs and if empowered, they can act proactively towards a solution. Because controlling employees is time-consuming and costly start-ups are often forced to trust their employees and give them a high level of autonomy. Although the compensation structure can be seen as a form of control, since it promotes the desired behaviours of employees.

Expatriate adjustment

There are three different types of adjustment for expatriates: cultural, interactional and work. Cultural adjustment means how comfortable a person can live within a new culture. Interaction adjustment includes socializing and interacting on a day-to-day basis with host nationals (Waxin, 2004). Work adjustment is about how well a person is able to adapt to his new function and responsibilities. The most important predictors of adjustment are role clarity, role discretion, spouse adjustment and culture novelty. Previous experience abroad and language ability are, often unexpected, negligible factors in predicting adjustment. (Bhaskar-Shrinivas et al., 2005)

Maladjustment can lead to poor performance and costly early withdrawal. Expatriates often experience a Culture shock when they start working abroad. The impact of the culture shock depends on the similarity between the countries and work compared to their previous situation (Guy & Patton, 1996). 'Clearly, one of the most powerful things that can be done to ease expatriates' transitions is to give greater structure and explicitness to the processes and outcomes necessary for expatriates to perform their jobs well' (Shaffer, Harrison, & Gilley, 1999). Other methods that companies can use to reduce the impact of the culture shock are: pre-departure training, providing social networks, keep him or her in the communication loop and give them sufficient adaptation time.

Performance measurement

All the above pillars influence the expatriate sales performance. The current level of performance needs to be determined in order to manage performance. Once this is clear it is possible to set goals and expectations. Armstrong (2006, p. 60) emphasises the importance of measurement: 'Measurement is an important concept in PM. It is the basis for providing and generating feedback, it identifies where things are going well to provide the foundations for building further success, and it indicates where things are not going so well, so that corrective action can be taken'.

'Performance means both behaviours and results. Behaviours emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results' (Brumback, 1988, p. 387). This definition of performance leads to the conclusion that when managing performance both inputs (behaviour) and outputs (results) need to be considered (Armstrong, 2006). But not everything is quantifiable therefore micro-managing could ignore other important sales qualities. "Salespeople often view sales performance as more intimately linked to customer service level and personal interaction with clients, which are key subjective measures to sales success" (Zallocco, Pullins, & Mallin, 2009, p. 609). This is emphasised by Zallocco et al. (2009) argue that for major account management, within the B2B sector where building long-term customer relationships is key, performance measures that combine characteristics of externally oriented (market feedback) and effectiveness (sales outcomes) should be used. This combination incorporates both the needs of the customer and the selling goals of the salesperson/ organization can be best satisfied.

Measurement is important but is not effective when the generated data is not processed and visualised appropriately. Therefore a dashboard with the proper Key performance indicators (KPI's) is key in managing operations. KPI's are one of the most powerful ways to steer an organisation, considering the maxim 'what gets measured gets done'. KPI's can shift the

focus in an organisation to the things that matter, if chosen correctly. A successful dashboard supported by start-ups management need to be: low cost, low maintenance, up-to-date, accurate, intuitive and display effective KPI's (Malik, 2005). The table in appendix 10.2 list all the sales performance metrics identified by Zallocco et al. (2009). These metrics will be leading in the process of constructing a dashboard that SciSports can use to monitor their international sales operations. As explained before there is a need for a mix of metrics that covers behaviour and outcomes as well as market feedback.

Based on the theory, a lists of measurable, low-costs metrics is selected:

- Number of presentations given
- Number of new accounts
- Closing ratio = number of presentations/ number of new accounts
- Sales volume
- Customer feedback/satisfaction (measure with % of customers that repeat their sale)
- Quota attainment
- Personal development
- Judgement by supervisor
- Controlling expenses (operate on budget)
- Company performance

2.4 Final Holistic ISPM framework

The systematic literature research identified a gap within the existing literature. It showed that little has been published on ISPM and that there exists no comprehensive framework or model. Therefore an ISPM framework is suggested that captures all the pillars. The pillars appreciation, goal-setting, empowerment, expatriate adjustment and a proper compensation plan are the main factors to improve the performance of an expatriate country manager. The increased performance is achieved via the mediating factors: job engagement, motivation and job satisfaction. These mediating factors represent the mechanism through which the pillars are able to influence the expatriate salesman performance (Baron & Kenny, 1986). This framework is visualised in Figure 1. The exact relationships between single concepts are not clear. It is likely that mediating factors also influence each other. However this is not within the scope of this thesis.

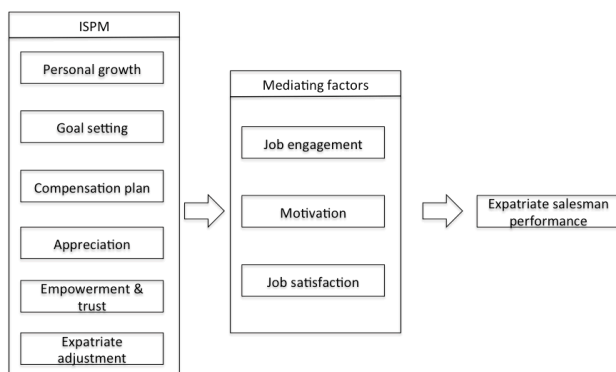


Figure 1: International sales performance management framework

3. METHOD QUALITATIVE RESEARCH

The qualitative research part has two goals. The first goal is to map the current international sales approach at SciSports. The second goal is to select ISPM metrics for the international sales dashboard. Semi-structured interviews are conducted among 3 executives that are directly involved in the sales process of SciSports and already possess previous sales experience. Additionally an interview with the new country manager is conducted.

The first goal is necessary to compare the status quo with the theory. This comparison will be used to identify opportunities or potential pitfalls in order to come up with useful recommendations. A checklist is created of all the identified practices in section 2, the checklist is added in appendix 10.3. During these semi-structured interviews the checklist is used to check whether the practices are applied and whether they are applied according to the theory. Based on gaps in this checklist recommendations will be given in section 4.

The second goal aims to find the KPI's for an international sales dashboard. This should be seen as the cockpit that monitors the international sales performance and enables effective decision-making. Effective dashboards should be clear and intuitive, therefore only the 5 most important KPI's are selected. Section 2.3 presented a list of possible ISPM metrics. To find the most relevant metrics interviewees will be asked to rank their top 5 metrics according to what they believe are the most relevant metrics of performance. The metrics ranked from 1st to 5th are respectively given points from 5 to 1. Finally the metrics are ranked on their total score and the top 5 metrics is used to measure performance and construct a performance dashboard that is supported by both the literature and the company.

4. FINDINGS

The findings are divided into two parts, each addressing one of the goals. First, the status quo is discussed according to the synthesis of the interviews following the 'theoretical checklist'. In the second part is the development of the performance dashboard discussed.

Personal growth

There is an initial trainings period in place for the country manager of six weeks. This is a little shorter than the average of four months. In these first couple of weeks the country manager is assisting the Dutch nestors to get familiar with the market, nestor service and company culture. In the next phase he will join club visits to learn about field procedures and his responsibilities. Currently, there are no further personal development programs in place. Although if the country manager indicates that a certain training would be helpful, this could be arranged in consultation with the Management Team (MT). However the country manager is not aware of this opportunity. SciSports is developing a plan to set up a development budget for each employee. SciSports or the employee will set goals that need to be achieved within the budget. In other words there is no active self-directed learning approach in place. Also there is no career planning because the organization feels that it is of no added value if nobody knows the situation of SciSports in three years from now. Moreover, the country manager works as a 'self-employed salesman' what implies that he will run his 'own' business unit. His career depends on his own performance. His business unit could potentially grow to the size where he would supervise an entire sales force and nestor department in the UK.

Goal setting

Currently there is no formal goal setting procedure in place, since this is the first country manager employed by SciSports it is seen as a test. Therefore it is based on a trial-and-error approach, meaning that every three months there will be a re-assessment of how much there could be sold in the following period. The results of this country manager will be used as a benchmark for country managers that will be employed in other countries. Although some expectations are discussed shortly with the country manager, it did not result in a performance agreement or any concrete expectations or goals yet.

Compensation plan

The manager will receive a fair fixed salary combined with a high bonus. 'Fair' means enough to live in descent conditions. The reasoning behind this compensation plan is that the country manager gave up a steady job at a large corporate for this great 'adventure'. Therefore an 'adventures' salary is appropriate. But he needs to be able to pay his fixed monthly costs so therefore he receives a relatively good fixed salary. The bonus is a percentage of 20% over the gross profit. This level of compensation is in line with the theory and reduces costly employee replacements costs. However the British tax system for expats is not yet considered. Although the UK has a complex expatriate tax system, making the right decision from the beginning could save taxes and therefore increase the level of compensation without higher costs.

Appreciation

Since the successfulness of this first export manager is of such a high importance and completely new to the company there is daily communication. The feedback is very individual, meaningful to recipient, and authentic since the country manager is currently the only employee that holds this position. Feedback on actual behaviours is given during weekly feedback sessions by his direct supervisor on the phone. Once a month this talk will be face-to-face, but this will be reduced to once every three months when the business is more stable.

It is not clear yet, who his direct supervisor will be. This could be the CEO, the sales director or the head of the nestor department. SciSports has the attitude that this hierarchy will establish naturally.

SciSports has two distinct types of annual evaluation meetings. The first one is the appraisal that aims to find out whether the reward still matches the performance. The second one is the performance evaluation; here the focus is on the progress. With typical questions like: what can be improved and what did we improve? The focus during these meetings is forward looking. This is mainly because most of the backward looking feedback is given during the weekly feedback sessions. The appraisals are done based on the evaluation of all the three mentioned as possible direct supervisor earlier.

Empowerment

The country manager will get full autonomy and will be trusted to act on his own. Practical reasons are leaving them no other choice. It is too expensive for a small firm to control their employees strictly, especially when operating on a large physical distance. The MT will be there to help him pass some hurdles he might come across. This section is in accordance with the literature.

Expatriate adjustment

There is no clear view whether the country manager is expected to be less effective in the beginning. The opinions are different. However SciSports wants results as early as possible and thus does not provide additional adaptation time. The initial trainings period is a form pre-departure training but only work related. This training does not prepare for a stay abroad. SciSports does provide a business network within England. A business partner of SciSports already has a network in England and will introduce him to some potential customers. The current sales team already laid the groundwork for the country manager and visited some clubs.

Performance dashboard

In Table 3 the selected metrics from the theory are graded according to their importance. The top 5 metrics with the highest score will be incorporated in the dashboard. The dashboard will then show the metrics that are regarded as most important key performance indicators (KPI's) by the MT. Other important requirements were low-cost, low-maintenance and up-to-date. Therefore the dashboard is build in excel and linked to the existing database of SciSports. So, when the data is processed in the normal database, the dashboard will run without extra effort or costs, with the same accuracy and will always be up-to-date. This will ensure management support for the dashboard, which is a requirement.

	1	2	3	4	Total
Number of new accounts	4	5	3	3	15
Closing ratio	2	4	4	2	12
Sales volume	3	2	2	5	12
Number of leads generated	5		5	1	11
Repeated sales			1	4	5
Controlling expenses		3			3
Company performance	1	1			2
Personal development					0
Quota attainment					0
Judgement by colleagues					0

Table 3: Points given to metrics by the interviewees (represented by the number 1 to 4). The metrics with the highest score are regarded as best metrics to measure sales performance.

From Table 3, it is clear that 4 metrics are regarded as more important than others. The number of new accounts is considered most important. This is not surprising when entering a new market. Second the sales volume and closing ratio are equally important. The sales volume is of course no surprise, because it represents the market expansion that SciSports ultimately looks for in the UK. The closing ratio is a measure that represents the efficiency of the country manager and is a ratio of presentations given/new accounts. The fourth metric is the 'leads generated', which is measured by the number of presentations given. However repeated sales is regarded less important than the top 4, it is an important addition to the dashboard since it measures the customer satisfaction, because it is reasonable to assume that satisfied customers will repeat their sale. The salesman has a lot of influence on the customer satisfaction, because he determines the expectations of the customers and the service they receive. Customer satisfaction is

the difference between customer expectations and perceived quality (Parasuraman, Zeithaml, & Berry, 1985).

A screenshot of the dashboard that is build and consist of these 5 KPI's is included in appendix 10.4. Only four variables were needed: number of new accounts, number of presentations given, sales volume and the percentage of customers that repeat their sale. Fictive data is used for demonstrating purposes in order to ensure confidentiality of the data. The dashboard needs little input and has low maintenance costs hence it is more likely to be used.

5. RECOMMENDATIONS

SciSports is on the right track and already applies many recommended ISPM practices. The checklist that is used to identify the differences between theory and practice suggest that SciSports can still make some improvements (appendix 10.3). The action plan in Table 4 is created to help SciSports in this change process. The recommendations are ranked according to their priority.

1. Improve communication and provide a clear structure
2. Link bonuses to company strategy
3. Change compensation structure based on UK tax system
4.1 Implement 360-degree feedback
4.2 Conduct one comprehensive appraisal per year
5. Personal growth plan (long term)

Table 4: Action plan to improve the country managers' performance

Step 1 is to improve the communication and provide a clear structure. Therefore it needs to be clear who the direct supervisor will be. This is the first step to better communication and a clearer structure. Second, expectations need to be communicated. Third, goals have to be set, it is important to involve the country manager in this process. These expectations and goals need to be written down as a performance agreement. This creates clarity for both sides. Preferably the goals should be linked to the metrics that were classified as important metrics of performance. In the nearby future SciSports aims to hire other country managers or expatriates, hence the current country manager should create a logbook that new country managers can use as a guideline during their initial trainings period. He should reflect on his initial trainings period and say how this period could have been more effective.

Step 2 is to link the incentives to the company strategy. The company wants to turn leads into long-term customers, as a result customer satisfaction is of major importance, hence the incentives should be accordingly. Currently the country manager does not have a fixed contract and his goals are short-term oriented. Meaning that the incentives are misaligned and promote overselling. Overselling is harmful to the company's long-term performance, because the customer's expectations will be too high and this will reduce customer satisfaction. Incentives that reward long-term performance such as a fixed contract and stock options that can be eliminated only after a certain period, could tie the country manager for a longer period of time to the company. Reducing this country manager turnover can be valuable because he will acquire much tacit knowledge such as customer contacts that will be lost when he leaves. Long-term incentives will reduce this costly turnover and reduce overselling.

Step 3 is to look at the UK tax system for expatriates and see whether there is a compensation structure that allows for lower taxes. There is an essential difference between paying taxes in the UK as a domicile or non-domicile taxpayer. On the one hand a domiciled UK tax resident has the advantage of a tax free allowance of £11.000. On the other hand being a non-domiciled tax resident entitles you to certain tax reliefs. These tax reliefs could include international travel cost, UK housing, relocation costs (up to £8000), pension contribution costs and working days outside the UK. The UK tax system for expatriates is complicated because many factors play a role when deciding on the best option and this is outside the scope of this thesis. However choosing the best option could save thousands of euros on taxes, which could benefit both SciSports and the country manager.

Step 4 360-degree feedback, including self-assessment is a good input for appraisals. This places the supervisor more in the role of a coach instead of a judge. It reduces the defensiveness and will lead to a more friendly and constructive appraisal. Additionally it can be highlighted that feedback should be given on actual behaviour with a positive attitude. 360-degree feedback is a good way to assess the behaviour of the country manager. Together with the selected metrics that are more result oriented, it measures performance on both results and behaviour as theory suggests. Although researchers do not agree yet it can be beneficial for SciSports to conduct appraisals once every year since it is more cost effective.

Step 5 is to implement a personal growth plan, however this is not on the priority list, since the country manager only has a short-term contract and business goes first. When the UK market is a little stabilised it is a good way to enhance performance. Self-directed learning could be key to create a relevant programme. The country manager need to set goals for his own development, these goals should be tracked and reflected upon together with his supervisor.

6. DISCUSSION & LIMITATIONS

The suggested ISPM framework extends the PM literature by making it applicable for start-ups that employ an expatriate salesman. The ISPM framework can be used as guideline for companies to improve their expatriate sales performance. Although performance is influenced by many factors, six pillars are identified that should be considered carefully when sending a salesman abroad, from the ISPM perspective. Also practices are identified of how they can be implemented best. Personal growth provides a structured way for employees to develop themselves and this helps employees to achieve their goals and also increases and helps to maintain the human capital. Appreciation is probably the most extensively researched pillar. 360-degree feedback is useful method as input for appraisals that should be conducted once or twice a year and be linked to rewards. Involving employees within the goal setting process is another way to enhance the performance. The goals and expectations need to be clearly communicated. For country managers who enter a new market and therefore their behaviour is hard to control a high incentive/salary ratio is appropriate. Incentives should be linked to company goals in order to align the interest and encourage desired behaviour. Expatriate adjustment provides a structured way to help and prepare expatriates for the challenges that they face.

A checklist of desired ISPM practices was created that can be helpful for other start-ups facing the same problems. To ensure connectivity with previous research the checklist is compared with a lists of high performance work practices (HPWP) identified by a meta-analysis of Combs, Liu, Hall, and Ketchen

(2006). Only the practices where some consensus had emerged regarding the practice's status as a HPWP were selected. The practices are compared in appendix 10.5. The two lists of practices show clear differences and similarities. These differences are the result of different set-ups. The ISPM list is adapted to the expatriate salesman within start-ups and the Combs list is for general purposes. The most interesting differences are discussed in more detail.

The ISPM lists has additional expatriate adjustment practices and a recommended high level of autonomy compared to Combs list, because the expatriate salesman will be working in a foreign country. Also the goal-setting pillar is not covered by Combs list. The employment security and internal promotion practices are missing in the lists of ISPM practices because they are difficult to realise within a dynamic start-up, with a constantly changing organisational structure. Also the 'teams' practice is not in the ISPM list since there are not enough resources to set up an entire team in England. The same holds for the 'flextime' practice that is missing because an expatriate salesman sent to a untapped market in a foreign country does not have the luxury of flextime since there is no one to take over his responsibilities. Selectivity, which is needed when recruiting a new employee, was not in the scope of the research since the recruitment process was already finished when the research started. However there are also similarities between the two lists these similarities are mainly related to personal growth, compensation plan and performance appraisal. These pillars are important for both lists, however the implementation differs as explained in section 2.2.

The list of metrics that is developed to measure international sales performance could also be helpful for other start-ups. Even if start-ups have different goals they can do a similar research within their MT using the list of measures developed in this research.

The major limitation of this research is that due to time constraints the framework could not be validated. Within the time frame of a Bachelor Thesis a large scale qualitative research was not within reach. Also subjectivity is caused by the semi-structured nature of the interviews and the way they are synthesised.

7. FUTURE RESEARCH

The ISPM framework lays the foundation for further research in this field with a special focus on start-ups. Future research should focus on validating this framework and mapping the correlations between the constructs. Correlations between the constructs make the ISPM framework more valuable for companies because it allows companies to see which pillars should be regarded as most important instead of treating all the pillars as equally important. Also the research should be extended to start-ups that send expatriates to countries other than the UK and see whether there are fundamental differences. Finally the recruitment process of expatriate salesman should be considered. SciSports had already finished the recruitment at the start of this thesis and it was therefore ignored but nonetheless it is highly important for international sales performance.

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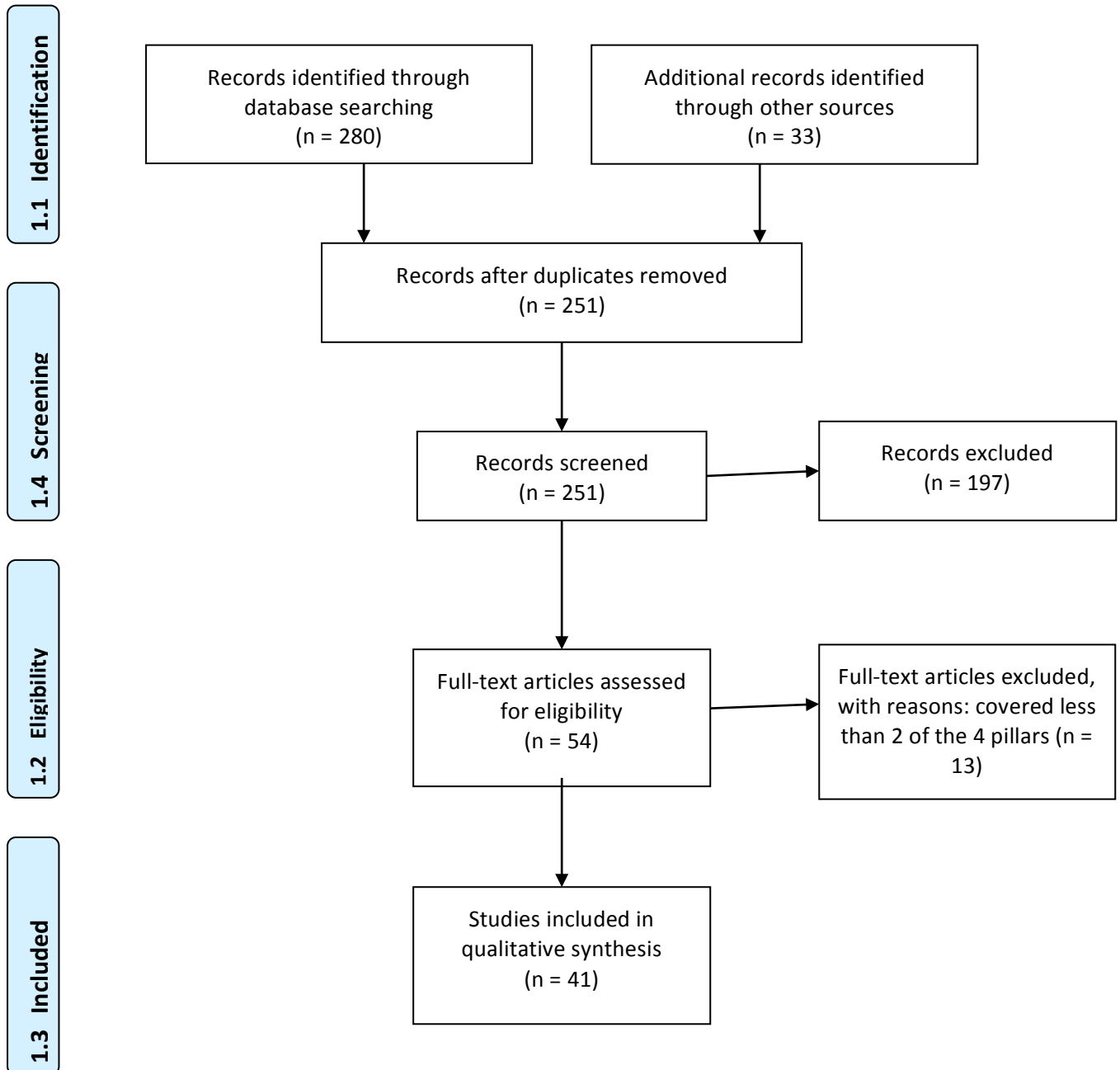
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10. APPENDIX

10.1 SLR flowchart



PRISMA 2009 Flow Diagram



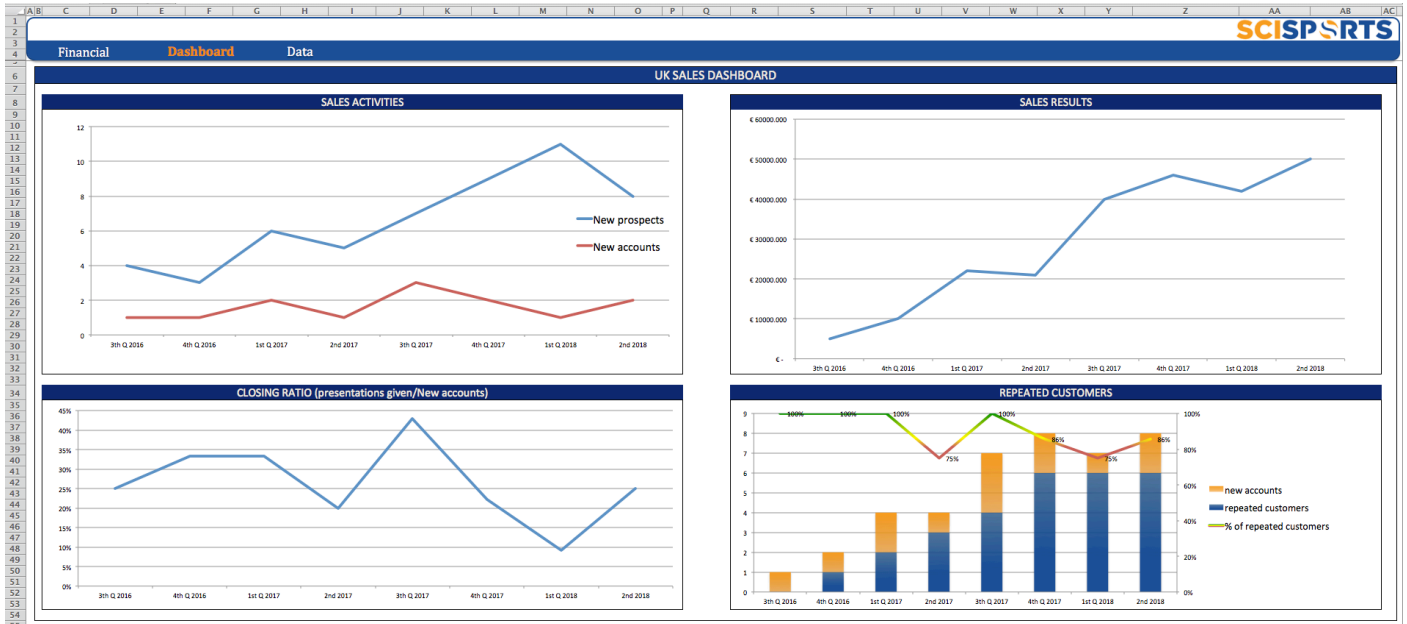
10.2 Sales performance metrics by Zallocco et al. (2009)

	Effectiveness (selling outcomes)	Efficiency (selling activities)
Internally oriented (selling skill, capabilities)	Competencies: <ul style="list-style-type: none"> – technical knowledge (2) – presentation skills (2) – communication skills – listening skills – supervisory skills – teamwork Quota attainment (5) Sales volume (5) Sales behavior Mix change (upgrading)	Productivity Profitability of sales Gross margin Time management Cash flow and account management (2) Number of calls Number of presentations Time spent in territory
Externally oriented (marketplace metrics)	Channel feedback/satisfaction Customer feedback/satisfaction Competitive understanding New accounts introduced to product Number of customers Level of interaction with customers Performance relative to opportunities Customers' success/goal attainment	Closing ratio <ul style="list-style-type: none"> – to number of calls – to number of presentations Sales penetration per account (2)

10.3 Checklist with all the identified practices applied to SciSports

Personal growth	Not present	Present	
		Differently	According to theory
Initial trainings period			X
Self-directed learning	X		
Career planning	X		
Goal setting			
Involve employees		X	
Performance agreement	X		
SMART goals	X		
Related to company strategy	X		
Compensation plan			
Incentive/fixed compensation ratio			X
Compensation level			X
Take tax system into account	X		
Appreciation: Feedback, appraisals and recognition			
Regular communication/ Ongoing feedback			X
Individual and personal approach			X
Meaningful to recipient			X
Perceived as authentic			X
Feedback on actual behaviours or events			X
360-degree: feedback	X		
Self-assessment: reduces defensiveness	X		
Feedback from positivity			X
Appraisals: fair, clear and transparent			X
Appraisals link to outcomes (compensation/promotion)		X	
Balance: performance improvement/developmental needs		X	
Balance: Forward or backward looking			X
Empowerment			
High level of autonomy			X
Expatriate adjustment			
Provide clear structure		X	
Pre-departure training		X	
Sufficient adaptation time		X	
Provide social network	X		

10.4 International sales dashboard based on fictive data to ensure confidentiality



10.5 Comparison between ISPM practices and HPWPs identified by Combs (2006)

ISPM Practices	HPWPs
Personal growth	
Initial trainings period	
Self-directed learning	Participation*
Career planning	HR planning
	Internal promotion
Goal setting	
Involve employees	Participation*
Performance agreement	
SMART goals	
Related to company strategy	
Compensation plan	
Incentive/fixed compensation ratio	Incentive compensation
Compensation level	Compensation level
Take expatriate tax system into account	
Appreciation: Feedback, appraisals and recognition	
Regular communication/ Ongoing feedback	
Individual and personal approach	
Meaningful to recipient	
Perceived as authentic	
Feedback on actual behaviours or events	
360-degree: feedback	
Self-assessment: reduces defensiveness	
Feedback from positivity	
Appraisals: fair, clear and transparent	Performance appraisal
Appraisals link to outcomes (compensation/promotion)	
Balance: performance improvement/developmental needs	
Balance: Forward or backward looking	
Empowerment	
High level of autonomy	
Expatriate adjustment	
Provide clear structure	
Pre-departure training	
Sufficient adaptation time	
Provide social network	
Additional HPWPs	
	Flextime
	Selectivity
	Grievance procedures
	Teams
	Info sharing
	Employment security

* Participation entails involving employees both within their personal development planning and goal-setting.