Proposing Processes of Global Performance Management:
An Analysis of the Literature

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Abstract

This conceptual review of global performance managements (GPM) consists of four major sections. First, three approaches to international human resource management are presented. Second, we discuss three models of performance management, one some 20 years old and grounded in a long tradition of formalized, explicit universalistic U.S. based performance management theory and two more recent conceptual reviews particular to global issues of performance management. Third, based on an analysis of the elements, issues and themes introduced in these three papers we will present a four stage process model of GPM. Each of the four stages will be discussed in turn, and the various perspectives of recent empirical and conceptual publications on GPM will be mapped onto the four stage model. The paper will conclude with a series of observations on the results of our analysis and suggestions for future research, so that the academic and professional communities may move forward in this topic domain in a more efficient, complete and coordinated fashion.
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Introduction

The topic of global performance management (GPM) continues to develop both academically and in practitioner literature (Claus and Briscoe, 2009; Engle, Dowling and Festing, 2008a). This continuing interest may be explained in terms of the market forces of supply and demand. On the macro level of the demand side, global economic discontinuities and consolidating global labor markets place new demands for economies to leverage their human capital more efficiently – translating talent into productivity in goods and services in a more controlled, rationalized manner (Boudreau and Ramstad, 2007; Lawler, 2008). On the micro level of the demand side, more sophisticated global strategies operating in maturing markets require global firms, across many industries, to account – in a more complete, accurate and timely manner – for the actions of the many forms of international assignees working around the world (Dowling, Festing and Engle, 2008; Varma, Budhwar, and DeNisi, 2008).

Faced with growing numbers of varying forms of international tasking, growing cost consciousness due to hypercompetitive markets and reduced human and financial resource bases, multinational enterprises (MNEs) are increasingly required to more explicitly plan, organize and provide more accountability for the performance contributions of their global workforce (Engle, Dowling and Festing, 2008a).

At this same moment, technical developments in human resource decision support systems (HRDSS) and corporate global internet platforms promise to supply – for the first time – a complex, accurate, synchronized and timely system of information on individual employee performance contributions to the firm’s far flung global operations (Bailey and Fletcher, 2008; Engle, Dowling and Festing, 2008a; Tichman, 2005).

It is this historic meeting of a global demand for performance accountability and the potential capacity for these new HRDSSs to supply the needed information that has triggered practitioner, and hence, academic interest in GPM. The question now becomes what progress has the international academic community shown in systematically addressing this issue (Engle, Dowling and Festing, 2008b; Claus and Briscoe, 2009)?

Three Research Perspectives in Performance Management

A recent review of the literature from 1985 until 2005 finds no less than 64 articles published on GPM during this time period (Claus and Briscoe, 2009). Global performance management has been the subject of numerous chapters in edited books on international human resource management (IHRM) (Bailey and Fletcher, 2008; Bjorkman et al., 2009; Caligiuri, 2006; Cascio, 2006; Engle, Dowling and Festing, 2008a; Franco-Santos, 2008; Salimaki and Heneman, 2009), and the topic has also been covered by special workshops and dedicated sessions in academic conferences. We may track the historical development of GPM from three sources. First, expatriate literature, beginning in the 1980s and 1990s, presented the unique and complex appraisal issues faced by expatriates in terms of performance management “in country” and post assignment career trajectories (Black et al., 1999; Stroh et al., 2005). Second, cross cultural comparative
management literature has highlighted the effects of cultural values, social and organizational role expectations and business norms on cross cultural dyads and teams of assessment actors (Aycan, 2005; Dowling, Festing and Engle, 2008; Gomez-Mejia and Welbourne, 1991; Jackson, 2002; Kiriazov, Sullivan and Tu, 2000). Indeed, much of the extant literature in the growing area of GPM may be seen to consist of empirical assessment of cross cultural assessment actors operating across national boundaries within one firm (Danis, 2003; Ployhart et al., 2003), cross cultural comparisons within geographic regions (Lazarova, Morely and Tyson, 2008) or cross cultural comparison across a number of firms in related industries (Bai and Bennington, 2005; Fey et al., 2009; Sauers et al., 2009).

Finally, a growing body of literature on strategic international human resource management (SIHRM) has been a starting point for research on the strategic intent of MNEs. The argument is that strategic intent – multidomestic strategies emphasizing local subsidiary autonomy in practices, global or multinational strategies putting a premium on centralization and standardization of processes, and transnational strategies valuing a balance between global standardization, local customization and the diffusion of innovation – the so called “glocal” synthesis (Bartlett, Ghoshal and Beamish, 2008; Caligiuri, 2006; Engle and Mendenhall, 2004) determines appropriate human resource practices. This literature focuses on the strategic purposes, linkages and goals, subunit roles and resulting strategically relevant requisite properties of GPM systems and processes operating across all units of the firm. To some degree recent reviews have acknowledged these three points of conceptual origin and, to varying degrees, called for a more complete and systematic assessment of GPM so as to incorporate these various streams while still allowing each perspective its unfettered development (Cascio, 2006; Engle, Dowling and Festing, 2008).

This paper is an effort to delineate a process model of GPM which is broad enough to capture the various streams of research, yet provide the more organized and systematic template necessary to facilitate research designs and a more complete and thorough analysis of those many and varied forms of research questions embedded in this critical area of IHRM. By proposing a process model of GPM researchers may more quickly identify patterns in existing literature as well as determine areas in the broad process of GPM which may be lacking in empirical evidence and robust conceptual approaches.

A Proposed Process Model of Global Performance Management

Any overarching process model of GPM must be developed from relevant existing conceptualizations and grounded in existing literature. We selected three models of performance management, one some 20 years old and grounded in a long tradition of formalized, explicit universalistic U.S. based performance management theory and two more recent conceptual reviews particular to global issues of performance management. Based on an analysis of the elements, issues and themes introduced in these three papers we will present a four stage process model of GPM. Each of the four stages will be discussed in turn, and the various perspectives of recent empirical and conceptual publications on GPM will be mapped onto the four stage model. The paper will conclude with a series of observations on the results of our analysis and suggestions for future
research, so that the academic and professional communities may move forward in this topic domain in a more efficient, complete and coordinated fashion.

**Process and Systems: Three Writers on Performance Management**

Wendell French made a critical distinction a very long time ago between *human processes* and *organizational systems*. According to French people bring their own human perceptions, values, biases, needs and wants to work. These ongoing, naturally occurring processes (of social comparison, envy, the value placed on equity, interest in stability or achievement, etc.) cannot be negated; rather human resource systems must be designed to harness these natural processes towards organizational goals. The example of the forces of gravity, rain and a river harnessed by a dam or levee to human purposes is applicable to a distinction between a natural process (or in organizational terms a social process) and an engineered system. Human resource systems are engineered based upon an understanding of the human forces that underpin behaviors at work (French, 1982, also see Peterson and Tracy, 1979: 33-39).

Given this distinction between naturally occurring, albeit socially and culturally embedded, human processes and organizational systems designed in order to capture, redirect, sculpt and direct these human processes into firm relevant paths or pattern, we may liken GPM activities to an engineering problem. What states of human conditions - that is human processes such as social comparison, role expectations, task or work preferences, etc. - must a global system of GPM be able to accommodate? We present the imagery of the commercial jet airliner in our analysis. The design, engineering, fabrication, and maintenance of a system of flight (or GPM) must be organized such that the types of travelers, routes, schedules, flying conditions, and broader transportation infrastructure at the departing and arriving airports are to be taken into account if the human processes of movement (or an accurate, timely and unbiased assessment of work around the world) are to be accomplished.

We acknowledge this imagery is clumsy and incomplete, yet we sense it captures some of the critical dynamics of GPM and particularly the distinction between process and system. Our call for more extensive, explicit and strategically linked performance metrics may be seen as a specific application consistent with ongoing calls for moving beyond clumsy, simplistic, and universalistic HR metrics to a more sophisticated, complete and firm-specific set of “talentship” measures to focus investments in people systems that are linked and leveraged more surgically to critical strategic capabilities (Boudreau, Ramstad and Dowling, 2003; Cascio and Boudreau, 2008). A systemic presentation by de Waal (2002) emphasizes the totality of a system in use and particularly the need for a systems approach to objectives and attendant reward structures (see also Harvey, 1997).

**Silverman: Elements and Five Stages**

Silverman (1991) presents a five stage model of performance management (clarify employees’ major responsibilities, develop performance standards based on major responsibilities, give periodic feedback, diagnose and coach employee performance and review overall performance) in a domestic (U.S.) context. His assessment begins with the presentation of a series of issues – what we will consider elements – to consider; appraisal forms, focus of appraisal (traits, behaviors or results),
systems training, information sources (supervisors, subordinates, peers, self, clients and teams), purposes (rewards and/or development) and how to resolve disagreements between assessors and the assessed. These elements are to be incorporated into the design of any performance management system and any such system must resolve or at least speak to these questions and issues.

Step one is to “clarify an employee’s major responsibilities” defined as a limited number of “those critical aspects of the job that employees must accomplish . . . relevant, understandable and prioritized . . . from most to least important” (Silverman, 1989: 131). Step two is to “develop performance standards”, at least one performance standard for each major responsibility, in order to “specify the way in which the work is to be done and the results that are to be obtained (Silverman, 1991: 133). These standards may be behavioral standards and results oriented standards and focus on means and ends, based on “controllable, critical, achievable, and observable or measureable criteria” (Silverman, 1991: 133-134). Apropos to GPM, Silverman warns against overly uniform performance standards, stating systems must accommodate differences in expected results and “standards set and expected” due to contextual differences in the specific task situation (1991: 134).

Step three is to “give periodic feedback” – continually, frequently and on an ongoing basis. In a Tayloristic exercise in U.S. culturally-based advice, he advises that in these feedback sessions assessors “avoid sweeping statements”, “focus on major responsibilities and performance standards”, request the assessed “identify causes of poor performance”, require frequent feedback, “discuss behavior or results, not the person”, “specify what needs to be done”, “use both positive and negative feedback”, “coach rather than judge” and “fit [the] feedback to the individual (Silverman, 1991: 137-139). Under the item of customization, Silverman calls for fitting the feedback format to the employee’s “unique personality and unique style” with different amounts of feedback, differing combinations of positive and negative feedback and differing degrees of specificity in the feedback. Explicitly defining the nature of the performance deficit event, the consequences of the performance deficit for the firm and the consequences to the assessed if the deficit continues, as well as varying the level of documentation “of dates . . . resulting problems that occurred, as well as future consequences if the employee continues . . .” during the course of the feedback session are mentioned as elements of issues that must be adjusted to “fit” the employee’s “personality and style” (Silverman, 1991: 139).

Given the formalized, explicit treatment, also note the issues raised by this prescriptive discussion. Rather than seeing these as prescribed states, we can consider them as variables, with discretionary ranges (levels) that may be more or less effective given the characteristics of the actors in the appraisal: 1) the frequency of ongoing feedback (often to seldom); 2) communication role expectations by the assessor and the assessed (active or passive roles by the parties in identifying, communicating and solving performance problems); 3) how explicit(or implicit) the conversation becomes (explicit as to an event, consequences to parties, solution strategies); 4) focus or attribution on performance as a task (event) deficit as opposed to an attribution of a personal deficit; and 5) uses of a positive or negative approach by the firm representative to the employee’s actions.
Step four is described as to “diagnose and coach” employee performance. In this step there are three goals or tasks: 1) “gain a clear understanding that a discrepancy exists between current performance and expected performance”; 2) “identify the causes of the performance discrepancy” (these causes are said to come from four sources – outside in the environment, within the organization, related to the manager’s goals and support of the assessed, and/or due to the skills and motives of the assessed); and 3) “develop action plans to enhance an employee’s performance’ (Silverman, 1991: 140-141). Again, relevant to the topic of GPM, note the emphasis on accurately assessing the causes of the performance deficit. Attributions by various systems actors as to the many and varied internal (within person) or external (within firm or wider environment) sources of performance or performance deficit are quite likely to vary with cultural, geographic and functional distance (Engle, Dowling and Festing, 2008a; Mendenhall et al., 2008).

The concluding step five specifies “review overall performance” – the formal appraisal meeting scheduled between the assessor and the assessed. Silverman prescribes a series of checklists and conditions before, during and after the meeting which he associates with good professional practice. Objectives are set and activities are prioritized for the next performance cycle.

**Cascio: A Three Part Global Performance Management Process**

Writing specifically on the unique complexities of PGM, Cascio presents issues of design in a three part “overall performance management process” (2006: 179-182). The first responsibility is to “define performance” – to focus on goals, measures and assessment. Particular attention is paid to the potential for cultural values (speaking specifically of Triandis’s (1998) cultural dimensions of vertical and horizontal individualism and collectivism) to influence actors operating in highly differentiating, individualistic cultures to: a) select GPM goals and measures as a function of human processing bias, and 2) to provide one cluster of attributions, assessments and feedback. Actors operating in low differentiating and collectivist cultures are thought to select different goals, make alternate attribution and choose differing feedback techniques. Defining performance goals, creating valid and reliable measures, attributing deficit causes, assessing performance and presenting solution strategies is a culturally embedded process. Training is critical to recognize and hopefully overcome these culturally based biases and creating a strategically appropriate GPM system-in-use.

Cascio presents frame of reference training techniques as a solution to this problem. These techniques describe the rating process, delineate the roles and responsibilities of actors in the system, teach these actors how to define performance, minimize rating errors and sources of bias, seek and give socially reinforcing, behavioral, constructive feedback and present how to identify performance deficits that may be resolved by developing the assess (Day and Sulsey, 1995; Pulakos, 2004). Providing further details on feedback in a cross cultural context, Cascio argues that some “formal system” of feedback is a necessity of any GPM, although informal, egalitarian and collectivistic hosts may require more “subtle and indirect” performance feedback venues, forms, and institutional frameworks than more formal, hierarchical and individualistic host cultures (2006: 187).

The second responsibility for designers of a GPM system is to “facilitate performance” – ensure that supervisors and assessors, regardless of their national origin or work location, eliminate roadblocks to performance, provide those resources required
to attain performance goals, and select employees for positions that are capable of succeeding in their various performance settings. Defining performance sets up the ends and facilitating performance emphasizes the means by which these ends may be achieved, creating contingency plans to smooth the transition to goal achievement.

The third and final responsibility in this process model is to “encourage performance”. Encouragement relates to motivational issues and consists of systems characterized by: 1) sufficient rewards for performance accomplishment; 2) ensuring a timely connection between performance events and reward payouts; and 3) an assurance of “fairness” – defined in North America in terms of opportunities for “voice” by the assessed, consistency in systems application across employees, relevance (valence) in rewards provided and “communication” that is explicit and transparent reward policies (Cascio, 2006: 181-182). Cascio states these qualities “might appear to be universally applicable, but we do not know that they are. There is a strong research need to identify their generalizability to countries and cultures outside of North America” (2006: 182).

Cascio concludes his introductory discussion of processes of GPM with a review of Cascio and Bailey’s (1995) cross cultural comparison of performance management systems in the U.S., Saudi Arabia and Korea. Seven key “issues” are presented to compare the three national systems. They are: 1) systems objective; 2) actors (assessors and the assessed); 3) the authority of appraisers; 4) style (roles of appraisers and appraised and who leads this process); 5) frequency of formal meetings; 6) form of feedback (critical or supportive, direct or oblique): and 7) form of praise and motivation form (money, loyalty, promotion) (Cascio, 2006: 189. Also see Cascio and Bailey, 1995: 29).

Caligiuri: Strategic Linkages, Three Challenges and Developing Methods for Assessing Performance

Caligiuri (2006) provides a strong contextual emphasis in her presentation on GPM by linking any meaningful discussion of the usefulness of a particular system and process of GPM with the strategic intent of a focal MNE. She further links the usefulness of any given GPM process with a second contextual dimension – the goals of any individual’s global assignment.

Three strategies of globalization are linked with performance management systems. Global strategies, emphasizing as they do efficiencies stemming from the standardization of unit activities around the work, are characterized by a standard set of performance criteria, processes and methodologies. The level of objective specificity may vary by job family, such that managerial criteria may be standardized and yet subjective criteria, whereas operational employees are subject to standardized and objective criteria (Caligiuri, 2006: 229). Multidomestic strategies emphasize conformity to local practices, hence locally congruent performance criteria, evaluation methods and even performance level-reward linkages are appropriate. Finally, transnational strategies (Bartlett, Ghoshal and Beamish, 2008) blend and balance the three goals of global standardization, local customization and a worldwide diffusion of innovation and is linked to a performance management system that “seeks consistency around the world . . . but is also culturally acceptable across the participating countries . . . and . . . acceptable and synergistic across cultures” (Caligiuri, 2006: 230). Developing GPM methods and measures for this blended composite system is “considered to be the most challenging [of the three strategies] in practice” (Caligiuri, 2006: 230).
A second contextual element that is stated to determine the design characteristics of any GPM relates to the goals and nature of global assignments in a MNE. Assignments are presented in a typology according to two issues: a) their developmental emphasis and b) how culturally sensitive assignees must be to successfully complete their assignment. Four archetype assignments are discussed. First, “technical assignments” are characterized by low developmental intent and low requisite levels of cultural sensitivity. Second, “developmental or high potential” international assignments are characterized by a high level of developmental intention and may or may not require a level of cultural sensitivity. Third, “strategic and executive assignments” have a high developmental goal and require a high level of cultural sensitivity. Finally, “functional assignments” are characterized by low developmental goals and high cultural sensitivity requirements (Caligiuri, 2006: 238-240). As with Cascio’s presentation, a clear delineation of the goals of the GPM system is critical in determining the focus of said performance system.

Next in Caligiuri’s presentation, three “challenges of cross cultural performance measurement” are discussed. The first challenge is “select performance constructs” – determine the “broad content domain for a given position” that operates across nations, asking if the content of the job is generally comparable across units. The goal is to “generate a list of broad (but meaningful) and comparable dimensions” so as to “determine criteria that would be acceptable across subsidiaries, regardless of country” (Caligiuri, 2006: 232). The second challenge is to “create conceptual equivalence”, beyond “language compatibility” to encompass agreed upon “behavioral indices” for performance dimensions, so that raters can make “cross-culturally comparable ratings” (Caligiuri, 2006: 232-233). According to Caligiuri, “culturally laden work values that affect the weight that [an employee] places on a particular dimension or the actual interpretation of the performance dimension” and the challenge becomes developing “measures that are conceptually comparable across cultures” and that “conceptual equivalence occurs when construct have similar meaning across cultures” (2006: 233).

The third and final challenge is to determine “the performance measurement method that can be successfully implemented across cultures” (Caligiuri, 2006: 234). Related to the issue of method, Caligiuri asks “how the performance is assessed” – explicit, objective process or an open, informal dialog between assessor and assessed may be more or less congruent with local cultural norms or values – as well as “who is conducting the appraisal” – supervisors, peers, or subordinates may be seen as more or less appropriate given local culture and traditions (2006: 234). Cultural closeness or cultural distance between rater and rate may systematically impact “the more subjective contextual performance dimensions, but not the objective task-based performance dimensions” (Caligiuri, 2006: 234). Caligiuri echoes Cascio’s call for cross cultural training, stating “training interventions, such as frame-of-reference training . . . could be highly effective in reducing the idiosyncratic standards of performance raters . . . [this] . . . would clarify performance standards across dimensions and across cultures – especially for the most ambiguous subjective dimensions” (2006: 235).

Two points are worthy of review. First, note that creating conceptual equivalence (challenge two) acts as a bridge between globally standardized performance constructs (challenge one) and the locally tailored methods of training (challenge three). General categories of performance are vetted locally in a process of regional or local consensus building on how they should be operationalized.
Second, note that training preparations, particularly frame of reference training processes, can clarify performance standards and if not go so far as to provide a standard working operationalization of key system elements, then at least sensitize actors and build a shared vocabulary for regional or local consensus building. Again, training acts as a bridge to transition plans into activities, systems characteristics into personal actions and processes.

**A Proposed Process Model of Global Performance Management**

Recalling the previous discussion of French’s (1982) distinction between human processes and organizational systems, we present a proposed four-stage process model. In this context, we use the general term process to stand for a multistage system of global performance management that is designed to account for and channel diverse ranges of naturally occurring human processes of comparison, perception and social dynamics into strategically appropriate path. A longer, more accurate, yet far too clumsy label might be “processes and systems in use”. The four stages of this GPM process model will now be presented, related to the discussions of Silverman, Cascio and Caligiuri, and examples of research articles recently published in the field of GPM will be presented as appropriate to each of the four stages.

The four stages are: 1) **Systems Context** – delineating the purposes, performance requirements, and the role of the GPM process embedded within the broader strategic setting of a given MNE; 2) **Systems Design** – planning and articulating job responsibilities and performance standards and measures as well as preparing training modules for the various actors in a GPM process; 3) **Systems Operation** – assessment and feedback activities to gauge, track, correct and assist performance during the assessment time frame; and 4) **Systems Evaluation** - incorporating the more or less formal conversations about or review of the employee’s performance over the relevant time frame. In addition to this personal evaluation, this stage also includes an overall, aggregated assessment of larger units as well as an assessment of the GPM process for purposes of determining the processes usefulness in the eyes of the various actors and to make any adjustments in systems design if warranted (Vance, 2006).

We will now review each of these four stages in term of activities involved, elements specific to the stage, how the stage relates to the issues uncovered by Silverman, Cascio and Caligiuri and then provide a review of the recent (1991-2009) literature relevant to the issues and topics particular to each stage (see Figure 1).

**INSERT FIGURE ONE ABOUT HERE**

*Systems Context*

In this stage issues related to the relationship between the GPM process and macro- strategic requirements are delineated. On a macro level, “strategic intent” – linkages to strategy (multidomestic, global or transnational) - are investigated. The “heritage-origins” of the system are defined. Is this GPM process newly developed? Alternately, is it the extension of a parent domestic process (and if so, how customized is it to local conditions)? Or is it a hybrid of two or more existing processes operating at different locations? The elements of strategic intent and heritage-origins speak to issues of global standardization and local customization relating to Caligiuri’s (2006) discussion of strategic contingency and GPM design.
A third set of issues in systems context relate to the “scope” of the system – the actors involved (parent country, host country or third country), their intended roles in the system and the many and varied legitimate sources of performance information (supervisors, subordinates, peers, self, clients, teams) as outlined by Silverman (1991: 124-127) and Cascio (2006: 188). Fourth, the primary “purposes” of the system (the relative emphasis on development versus administrative and rewards consequences) is presented (Caligiuri, 2006; Cascio, 2006; Engle, Dowling and Festing, 2008a; Silverman, 1989). This set of elements also provides direction on how centralized or decentralized the process is intended to be.

In a fifth set of issues, the first stage of this proposed process model may be seen to be transitioning into “Systems Design”. This set of issues contains the “design parameters” of the GPM, those performance qualities or characteristics required to function as part of a larger, complex system of control and coordination in the MNE. Returning to our image of the commercial passenger jet aircraft, these are the systems requirements sent by the corporate level executives to the design and engineering departments for design, fabrication, subassembly, production and final system (aircraft) production. These required qualities (energy efficiency, operational ceiling, payload and passenger capacity, take off and landing distances, sound levels at takeoff and landing, etc.) will direct the activities of systems design in the second stage of our process model. Issues under “design parameters” include:

- Frequency of formal feedback (annual, semiannual, etc.) (Cascio, 2006)
- Formalized vs. normative emphasis in system (Cascio, 2006)
- Feedback capabilities of various actors in the system (Cascio, 2006)
- How explicit or implicit, how quantitative or qualitative, how additive or gestalt the assessment process is required to be (Caligiuri, 2006; Cascio, 2006)
- The focus of performance, traits, behaviors or outcomes (Engle, Dowling and Festing, 2008; Silverman, 1991).

Examples of recent research under this heading includes presentations on “strategic intent” and performance management characteristics (Shen, 2005), particularly on the potential for the strategic emphasis on global standardization or local customization to effect the centralization or decentralization of practices and activities (Festing, Eidems and Royer, 2007), “systems scope” issues, namely determining who is considered legitimate actors (Bailey and Fletcher, 2008), their culturally ascribed roles (Aycan et al., 2000), their role comfort (Milliman et al., 1995), willingness to locally deviate from centrally prescribed roles (Bjorkman et al., 2009) and the criticality of line managers in accepting these roles (den Hartog, Boselie and Paauwe, 2004; Milliman et al., 1998).

Developmental versus reward “purposes of the system” are presented by Martin and Bartol (2003) in a study of 94 U.S. multinationals, who found that an emphasis on the career development aspects of performance appraisals led respondents to view the system as successful. Klarsfeld and Mabey (2004) argue that developmental purposes may be nationally path specific, such that Anglo-Dutch, Germanic and Latin based firms may connect performance review to career progression, but the timing and content of these careers are designed around longstanding national templates.

Aycan proposes the connection between “performance oriented or universalistic cultural contexts” – potentially a heritage factor – and “formal, objective and systematic
evaluations of a job’s worth,” a “design parameter” element from stage one of our model (2005: 1104). Milliman, Taylor and Czaplewski (2002) emphasize the need to build robust and redundant “feedback capabilities” into MNE control processes in order to overcome the inherent cultural and communications obstacles inherent in cross cultural performance feedback. Groeschl (2003) comments on the “focus” aspect on the “design parameters” of a system context, contrasting a focus by Western MNEs on performance as outcomes with a focus by Asian MNEs on performance as a person and his or her traits.

Systems Design

In this stage the questions asked and issues raised in stage one are systematically addressed and a complex and interdependent system is built, communicated, actors are trained and at the end of this stage the GPM process is “launched” into systems operation (stage three). Blueprints and performance characteristics are hammered into a working system. “Silverman’s (1991) activities of “clarifying major responsibilities” and “developing performance standards” are completed. In terms of Cascio’s presentation, stage two of our process model contains “measures” and “assessment of performance appraisal feedback” activities and issues under what Cascio calls “defining performance.” Caligiuri’s three challenges, “selecting performance constructs”, “creating conceptual equivalence” and “determining the performance measurement method” are overcome and “methods for assessing performance constructs’ (those how and who questions) are answered.

A final element in stage two is to train systems actors in the philosophies, processes, methods, schedules and forms related to the fabricated system. All three authors speak to the need to train (particularly applying “frame of reference” techniques presented above) actors in the system in order to smooth cross-cultural differences and systematically channel naturally occurring perceptual processes and norms. This stage would capture the fabrication, simulation modeling, prototype production, crew training and test flights of a new passenger jet over selected flight paths, routes and destinations.

Recent research related to systems design issues appears widespread, making up the majority of relevant research uncovered in our review. Vance distinguishes between the “upstream” activities connecting performance management to overall strategic intent (our stage one elements) and the “downstream” activities of “establishing the performance management relationship” in locally meaningful terms and providing “comprehensive training efforts” (2006: 39-49). Focusing on expatriate performance management, Sinangil and Ones “clarify major responsibilities” for expatriates in terms of “establishing and maintaining business contact, technical performance, productivity, working with others, communicating and persuading, effort and initiative, personal discipline, interpersonal relations and management and supervision” (2001: 434), creating a rather extensive list of responsibilities consisting of trait and process oriented elements. In an empirical survey of 550 supervisors working for an international fast food chain in Canada, South Korea and Spain, Ployhart et al. found evidence to support the idea that “conceptual equivalence” had largely been successful (for the relatively objective performance dimensions of “technical proficiency, customer service and teamwork”) and yet certain “error variances and patterns of construct variances and covariances were largely culture-specific” (2003: 49).
Amba-Rao et al (2000) interpreted results from a study contrasting private domestic, MNE subsidiary and public sector firm employee assessments of the “methods” used to appraise performance to vary by type of firm (MNEs are more likely to have methods that contain feedback elements) and yet presented the idea that employees in all three categories may distrust methods due to widespread and long-standing cultural perceptions that most methods are part of an overall system that is subjective and arbitrary. The three methodological qualities of “multi-rater systems”, “participative processes” and “feedback” designed into GPM methods are presented as an emerging trend across a variety of nations and regions in a review by Bailey and Fletcher (2008).

In an interesting investigation of the use of benchmarking by foreign owned, joint venture and Chinese owned and operated firms in China, Garg and Ma (2005) concluded that process performance goals (e.g. ISO 90002) and employee competency (in key information systems and technologies) were perceived to be critical elements of employee and firm performance and that foreign owned operations and joint ventures were more comfortable with their ability to focus successfully on these performance measures than their Chinese owned and operated counterparts.

Specific to the element of measures of performance, Shen (2005) argues for a GPM design - for expatriates and in country employees alike - to include multiple sources of information and to include a broad array of quantitative and qualitative performance criteria, realizing that the qualitative criteria will be prone to cross cultural biases. Franco-Santos (2008) applies an agency theory approach to the selection of optimal measures of performance, emphasizing that the best measures of performance (in incentive terms) may be those measures with intermediate ranges (no extreme highs or lows, no constant values), a combination of financial and nonfinancial measures, and measures that maximize the shared interests of the agents and the principles. In this argument the best measures are those that will most logically fit into the reward purposes of a given GPM system. In a broad conceptual review of the literature, and germane to our element “defining performance”, Paauwe and Boselle (2005) present the theoretical and methodological difficulties of connecting individual work efforts to relevant unit or even firm level (macro) performance results, particularly in a global context. Chenhall and Langfield-Smith (2007) attribute much of the confusion and proliferation in the selection and reaction to alternate performance metrics to functional (and not simply cultural) differences in the production, finance, marketing, operations and human resource management professions and the need for practitioners in all the various professions to understand each other, something of a function version of the “conceptual equivalence” argument that Caliguri makes in cross cultural terms.

**Systems Operations**

This stage incorporates the system-in-use within the MNE and consists of the activities of the actors over the appraisal interval. Silverman (1989) conceptualizes this stage as “giving periodic feedback” actions and to “dialog and coach employee’s performance” on an ongoing basis. Caligiuri does not present these activities as a major component of her discussion, but in her conclusion discusses the “virtual” potential of ongoing performance related interactions (2006: 241). Cascio presents the major issue as a need to “facilitate” performance” by eliminating performance roadblocks as they appear, and providing the resources (access to skills enhancing training, supervisory time
and encouragement) to help the assessed on an ongoing basis (2006: 180-181). This stage is symbolically represented as the an aircraft “in transit” from its origin to its destination and covers in-flight corrections, maneuvering through weather and any real time adjustments to any “bumps” in the process.

Research associated with systems “operations” is more limited and diverse than in earlier stages. Under the heading of “giving periodic feedback” London and Smither (2002) developed a model of feedback orientations, feedback culture and critical events, arguing overarching corporate cultures can be developed that value and standardize the formal feedback system and reinforce that system with cultural norms and human processes that value regular, ongoing and systematic feedback activities, creating a “hunger” or expectation for feedback. In a review of performance appraisal processes in Chinese MNEs, Shen (2004) finds that different systems-in-use for performance management developed for different managerial positions and with different nationalities although the criteria and performance dimensions may appear to be standardized globally. Furthermore, “performance appraisal in Chinese MNCs is less transparent than in Western MNCs and is short of feedback and communication” (Shen, 2004: 559).

Relevant to “facilitating performance”, in a wide ranging assessment of culture and HRM processes across ten countries, Aycan et al. report significant variances across the national sampling in response to the item “my supervisor encourages and provides me with support to handle difficult assignments” as part of a “supervision and control” scale of comparison (2000:204).

How employees perceive the usefulness of periodic feedback sessions may relate to how they see this informal feedback relating to the formal reward consequences of feedback processes. In a review of 84 employees in 5 UK firms, Dickinson found that performance’s popularity as a basis for pay (capturing an employee response to facilitating performance) was more pronounced when resulting pay structures were described as “offering “small, but stable and consolidated pay increases in return for performance, flexibility or job-related competencies” (2006: 179). In a case study of a standardized global performance management system rolled out for all management employees worldwide and to all employees in Switzerland and the U.S., Coleman and Chambers (2005) recommend that the systems operation be “launched” in a staged approach, with specific annual goals, overseen by a team comprised of members from around the world and not just corporate HQ. Most importantly the platform must be flexible, allowing for changes in regulatory environments, adjustments to cultural processes and strategic realignments.

System Evaluation

As indicated earlier in the paper, this stage is made up of three interlinking activities: 1) Formal (more or less) performance evaluation meetings and attendant individual level feedback and consequences and rewards; 2) aggregated performance profiles, developed by subsidiary units (local, regional, functional and/or product lines) through channels to corporate headquarters; and 3) aggregated feedback by the various users as to their reactions to the GPM system in use. Two points should be noted. First, these three activities provide feedback on the completeness and success of contextual and design issues (stages one and two). Second, the third activity, an elicited critique of the overall GPM process, is an effort to gauge the human process uses and reaction to the MNE system (Bjorkman et al., 2009: French, 1982).
Silverman presents these issues as “review overall performance” focusing, in a typical U.S. manner, on formalized, standardized appraisal conferences between the assessor and the assessed. These reviews are characterized by formal appeals processes and the requirement or expectation of explicit links between formally documented performance events (“critical incidents”) and formally presented personal development goals and/or administrative and reward consequences (1991: 141-144).

Cascio integrates this “system evaluation” stage in his presentation of the critical task of being able to “encourage performance” – ensuring sufficient rewards, a timely connection between performance and rewards, fairness in process (captured as a system that is characterized by voice, consistency, relevance and communication opportunities) (2006: 182).

In a return to the imagery of commercial airlines, this stage captures the “landing” stage of a flight – deplaning, any maintenance or repairs/enhancement of equipment, refueling, re-crewing, after flight debriefings and preparing the craft for the next take off. Surprisingly, we found limited research on the formal review process and aggregating unit performance profiles in our literature search. Related to evaluating the GPM system, Paauwe and Boselie (2005) remind readers of the need to make a clear distinction between intended HR practices (those designed on a strategic level), actual – or implemented – HR practices (those implemented by, for example, the direct supervisor) and the perceived HR practices (those perceived by the employees). The majority of prior research on HRM and performance appears to focus on intended HR practices, mainly designed at the strategic level of the organization. Little is known about the actual enactment or implementation of HR practices and employee’s perceptions of them. (2005: 71)

Bjorkman et al. (2009) propose that global systems will be more likely to be executed according to the intentions of the corporate process planners if

- there are larger number of expatriates in place,
- key managers in the parent company as well as subsidiary locations have a thorough understanding of the complexities of GPM systems,
- key managers in the parent company and subsidiary locations have sophisticated knowledge transfer skills,
- interactions between parent and the subsidiaries are characterized by intensity, trust, and high levels of shared cognitions related to key work dimensions,
- parent and subsidiary units share long term experience in transferring codified performance management systems and these systems are codified and formalized.

In a review of interviews of Western expatriate and Hungarian subsidiary employees, Danis (2003) found the Hungarians had to overcome historical legacies of secrecy and a state socialist entitlement mentality. When efforts were made to introduce formalized systems, differences between the expatriates and the local managers in role expectations and skills and experience in giving feedback led to problems in systems use and in understanding and accepting the new system.

A study of Korean employees leads Chang and Hanhn (2006) to contend that participative performance appraisal qualities reinforce the connection between pay for performance practices and employee perceptions of distributive justice. In other words,
two elements of a GPM system (in this case the use of GPM for rewards and the role expectations of two way, intensive participation in the process by the supervisor and subordinate dyad) may combine so as to create a sense of validity and acceptance of the system (a stage four element), even within a national culture often described as paternalistic.

Interviews on the reactions by 97 managers in Hong Kong to a series of questions about the nature and significance of performance management systems elements by Wright (2002) led the author to conclude that employee perceptions about systems qualities are sophisticated and that respondents that were HR specialists valued a system that would allow them input to the design process and was explicit enough to help them understand the performance guidelines. Line managers in the sample, on the other hand, valued the potential of the performance management system to act as control mechanism by which they could achieve the performance targets of their individual units. To the degree that job family and functionality systematically affect what an employee values in a GPM system, we can expect some diversity in how these various functional groups evaluate the validity and accept the GPM system.

Further evidence that uniformity in evaluating and accepting a GPM system may be problematic is provided in a study of employee reactions to appraisal systems design given to 707 managers in the U.S., Indonesia, Malaysia and Thailand (Vance et al., 1992). Significant differences were found between the group preferences for the GPM elements of:

- formality of the system,
- an individual as opposed to group focus for employee development efforts,
- how involved the employee “should” be in the appraisal process,
- whether the focus of the appraisal should result in intrinsic as opposed to extrinsic rewards, and
- how frequent the feedback should be.

### Concluding Observations and Recommendations for Patterns of Future Research

The authors readily acknowledge this conceptual framework may suffer from what some may consider the myopic perspective of U.S. academics, as the parameters set forth by Silverman, Caligiuri and Cascio are central to our framework. In response to this potential criticism one may say that the explicit, systemic and Tayloristic tendencies of U.S. based academics and practitioners (Aguinis, 2007; Bernardin and Beatty, 1984; Latham and Wexley, 1981) may provide the hard tissues and rough outline required in a starting point for more diverse, culturally inclusive future versions of a process model of GPM. Explicit elements may be combined and added to more implicit aspects of GPM activities within the outline of these four stages. Indeed, our proposed stages may be collapsed or expanded, as the collection and analysis of ongoing empirical results so merits these modifications. Contextual elements that may be considered a constant in one cultural context may be considered as variables from a broader, cross cultural perspective and ongoing efforts toward scaling the contextually appropriate ranges of these variables may be accomplished (Marin, 2008).

Second, we call for mechanisms or institutions to act by way of a clearing house to coordinate and transmit and disseminate empirical results and ongoing revisions of
conceptual thinking on the topic of GPM. In addition to the journal articles cited in this paper, we have seen a special issue devoted to this topic in the *European Journal of International Management*, a book on the topic of global perspectives on performance management (Varma, Budhwar and DeNisi, 2008), a number of books of readings which focused on performance management issues with special attention to GPM (Franco-Santos, 2008; Salimaki and Heneman, 2008) or contained chapters on GPM within books dedicated to the general topic of IHRM (Bailey and Fletcher, 2008; Bjorkman et al., 2009; Engle, Dowling and Festing, 2008b).

Further opportunities for a more focused and coordinated effort in developing GPM theory development might include:

- Conference sessions on this topic at annual professional meetings
- Informal interest groups attached to EURAM, AIB, AoM
- The creation of a university based institute of research with a focus on this topic
- Involving practitioners and academicians.

A particularly promising aspect of the proposed process models is the distinction between organizational systems (and intended purposes) and local human process dynamics (how the formal system is actually enacted locally). By tracking the elements of context and design horizontally across the final two stages (rows) in the model, researchers may apply research designs with cross group comparisons in case studies to assess how the various elements develop (or mutate) in application (Bjorkman et al., 2009; Wright and Nishii, 2004). Patterns in tendencies can be compared across cases for evidences of systemic firm, national or regional patterns of differences in terms of divergence from the designed intent of the element. For example, how do the “scope of the system” elements of actors involved, their roles and legitimate sources of performance information - as designed - compare to how these issues play out in culture i as opposed to culture ii, for multinational strategies as opposed to global strategies, etc.? More completely understanding how the elements of the process interact horizontally across the four stages might be very useful to practitioners and theorists alike.

Surprisingly little research was found on about what firms actually do with performance management feedback data to improve iterations of GPM contextual and design. Some authors write of employee acceptance or satisfaction with the justice of the system, but little research was found on the dynamics of individual interviews in multicultural settings and even less on how performance management results are aggregated and reported for strategic reorientation of the firm.

Returning to passenger aircraft imagery, we may contrast the SST design and aircraft with the Airbus A380 design and aircraft. Any system is effective only insofar as it is designed and fabricated to meet the performance qualities given the macro conditions of its performance environment. A GPM system-in-use will only succeed if it is designed and built to be *robust* enough to travel through a variety of environmental, institutional and competitive conditions, cross-cultural human processes, and be maneuverable, adaptable and flexible enough to withstand the challenging strategic, environmental and institutional contexts that now confront global firms.
REFERENCES


