Global performance management: a research agenda

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Abstract
Purpose – Whilst performance management (PM) is one human resource practice that is of importance for the company, research in international setting is still in its infancy. This paper focuses on global PM (GPM) in multinational enterprises. The aim is to present advances in the PM research framework, give managerial suggestions and find out future needs and trends for research.

Design/methodology/approach – The approach is to analyze the literature in the research field. Will the transfer of PM be localized or standardized? Diffusion deals with how social institutions are spread from one society to another through certain channels over time and among members of a social system. In this paper, the framework is drawn on institutional theory, the institutional impact of the degree of success or barriers to GPM.

Findings – In the findings of GPM research, the following perspectives were found: tool and process perspective, expatriates (a specific target group perspective), cultural perspective, standardization perspective and comparative perspective.

Practical implications – GPM enables the evaluation and development of the individual as well as organizational effectiveness for multinational companies. Balance between local responsiveness and global integration in subsidiaries is needed.

Originality/value – There is a need to study GPM further. The PM process is similar for domestic and international market, but the difference is in the implementation because it is far more complex in global companies with more issues to consider.

Keywords Globalization, Performance management, Multinational companies

Paper type General review

Introduction
Performance management (PM) is an organizational system that contains all aspects of employee performance. In global PM (GPM), the focus is on employees in multinational companies (MNCs) and on how PM is practiced in individual countries (Claus and Briscoe, 2008). Empirical studies (Evans et al., 2002; Stahl and Björkman, 2006) have already shown that there is a trend toward globalization and human resource management (HRM) that affects MNCs in the twenty-first century. This has led to a balancing act in the international HRM (IHRM) strategy between global integration and local responsiveness in practices such as PM (Evans et al., 2002; Claus, 2008). This in turn leads to pressure on the headquarters (HQ) and the subsidiary relationship. The subsidiary reacts to a new practice, so the key question is still, to which extent is the PM design adapted to local conditions? (Lervik, 2005). The mechanisms for coordination are lateral relationships, best practice transfer, project management, leadership development, shared frameworks and the socialization of recruits into shared values. These tools of “glue technology” are to a large degree the application of HRM (Evans et al., 2002). In order for companies to succeed with such global integration, support of global HR systems such as PM systems needs to be developed, according to Brewster et al. (2005).
The purpose of this conceptual paper is to review existing research on the traditions in PM, to explain the concept of global integration of HRM and GPM in the company, as well as to analyze how the GPM system integrates corporate values and strategy. The subject of GPM was triggered by the research gap on how MNCs deal with the issues of GPM, in order to contribute to the literature about international PM that already exists (Tahvanainen, 1998; Lindholm, 2000a; Suutari and Tahvanainen, 2002; Williams, 2002; Lervik, 2005; Cascio, 2006; Vance and Paik, 2006; Briscoe and Claus, 2008; Claus, 2008; Engle et al., 2008). It is only recently that the subject of globally integrated PM has been seen in publications and books solely focused on research (Varma et al., 2008; Smither and London, 2009).

The current paper starts off with a discussion of PM and the different views on the subject that have been described in the literature and then moves on to the international sphere and factors affecting the GPM process. In identifying the existing research on GPM, different perspectives are presented; those of tool and process description, expatriates, cultural awareness, standardization/localization and cross-cultural comparison are discussed in detail later. Based on the review, suggestions for future research are offered, and the paper culminates with suggestions of possible trends to examine.

Global HRM

Globalization started to surface as the new buzzword in the 1990s, when the traditional paradigms started to become blurred (Evans et al., 2002). In short, globalization can be defined as an outcome of the multifaceted dynamics of social relations that coexist and interrelate in a complex way (Scholte, 2005). Globalization can be seen as a strategic effort to treat the world, or part of it, as a single market (Sparrow et al., 2004). Many large MNCs are no longer dependent on their original home base but operate in a global market responding to pressures and demands from the global economy, drawing on knowledge and expertise from across the globe (Edwards and Rees, 2006).

To manage all these skills, one has to consider the tension between local responsiveness and global integration. According to Rosenweig and Singh (1991), there is a tension between the need for global integration on one hand, and local adoption on the other. Many elements of the institutional environment, such as culture and the legal system, are often specific to a nation (Vance and Paik, 2006). Rosenweig and Singh (1991) feel that how similar the practice is to local practices is significantly influenced by the method of founding, the dependence on local input and the extent of communication with the parent. To try to harmonize core HR processes in this environment can be a challenge (Sparrow et al., 2004). The geographic and cultural distance increases the cost of establishing control, and this question of control is an ongoing subject for MNCs: how could individual behavior be made to fit the goals of the MNC? (Hennart, 2005). Given the dual requirements, the management processes and awareness of differences between countries, it is not possible, or even rational, to manage people in exactly the same way in different circumstances (Brewster, 2006). Finding the right staff is essential for success (Briscoe and Schuler, 2004), and to operate successfully, the company needs to have sufficient information regarding the management and cultural aspects of doing so in another country. The aim of MNCs is also to establish a shared set of values and beliefs across the units (Björkman et al., 2004). This is closely linked to company culture and strategy. Common values, priorities and performance expectations throughout the MNC can also contribute
to the development of a common global business culture that in turn can have a unifying influence on individual employee behavior (Vance and Paik, 2006).

MNCs are unique while they possess heterogeneity within their asset stock and vary in their local requirements. The objective here is to share the best practices from all parts of the firm, regardless of where the practices were invented. A good way can be, for example, a “lesson learned” database accessible to all (Morris et al., 2006). Buyens and De Vos (2001) or to ask how an organization can be created that adds value for its clients, investors and employees. Effective management of knowledge stock and flows across the MNC has recently emerged as a key driver of firm performance. In subsidiaries, different archetypes are associated with subsidiary staffing, and how they influence the management and the level of human and social capital is examined by Makela et al. (2009). Why organizations adopt some human resource practices and reject others is looked at by Subramony (2006). He sees four reasons: economic and beneficial, practices that are aligned with strategic objectives, managerial judgments during decision making and last, the diffusion approach that adopts or rejects a decision according to the institutional pressures that encourage imitation.

**Performance management**

Walker (2007) observes that a review of the PM literature confirms that PM is among the largest contributors to organizational efficiency. In the early days of management studies, PM was known as work output, later productivity and now performance. A clear definition of PM is not easily found, which might be because its meaning varies from one organization to another, and PM means different things to different people depending on their position in the organization (Grönfors, 1996). PM appeared in the late 1980s as an extension of performance appraisal (PA), a practice used to evaluate an individual employee’s past performance. To explain the diverse definitions, the elements that exist are presented below.

Recently, appraisal is seen as one of several elements of the continuous PM process (Tahvanainen, 1998; Lindholm, 2000b; Briscoe and Claus, 2008; Aguinis, 2009a). Others are the communication of company strategy through individual objective setting, setting performance standards and measuring actual performance against those standards. In addition, job design, feedback and monitoring, links to training and development planning and also possibly compensation are included (Vance and Paik, 2006; Claus and Briscoe, 2008). PM is a process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (Aguinis, 2009b). PM, according to Cascio (2006), is defined by three key elements: goals, measures and assessment. Elements found within PM typically include feedback to employees at all levels and consequences for employees and the development of skills (Engle et al., 2008). As Tahvanainen (1998) points out, strong goal setting and more traditional appraisals are key elements of a PM system that might also include performance-related pay (PRP). Belfield and Marsden (2003) observe that there is strong evidence that the use of PRP can enhance performance outcome.

Performing tasks and comparing them with clear goals that are aligned with the company’s values are what an organization hires employees to do, and to do well. The performance domain is multifaceted. A performance evaluation system includes developmental, result-based and behavioral measures (Rosenzweig, 2006). Performance measurement systems historically developed as a means of monitoring and maintaining
organizational control. A lack of appropriate performance measurement can be a barrier to change and improvement (Amaratunga and Baldry, 2002). Measurements ensure a link between individual employees with the vision and goals of the organization to achieve excellence in the organization on one side, and satisfaction and the personal growth of employees on the other side (Skrivastava, 2005). PM is about establishing a culture in which employees and teams take responsibility for the development of their own skills and the achievement of continuously evolving goals and objectives. PM should not be looked at in isolation but include every aspect of the way in which a company is run from strategy to operational day-to-day issues, and how to measure the effectiveness of these efforts (Corcoran, 2006). Nurse (2005) even says that the process can be politically driven, if the workers believe that the performers were not treated fairly as a result of PAs. Sparrow (2008) has looked at value-based HR strategies and found that this can be a context for PM. That means measuring not just outputs, for example, the achievement of objectives, targets or standards, but also inputs, such as the values that an employee brings to a job, or the behaviors or competencies he or she is capable of demonstrating.

It is the organizational, team-related and individual aspects of performance that emphasize the necessity of an integrated and strategic approach to development that in the end leads to organizational success. It is also possible to look at performance from a variety of stakeholder’s perspectives, looking at the actual performance instead of the potential one (Woods, 2007) or with a work and organizational psychology perspective combined with strategic HRM (den Hartog et al., 2004). Different models divide the process of PM into stages (Tahvanainen, 1998; Lindholm, 2000a; Vance and Paik, 2006; Aguinis, 2009a). PM can be seen as a cyclical process (Tahvanainen, 1998; Vance and Paik, 2006), which leads to changes rather than as a static activity. PM is also an activity that includes a number of steps (Claus, 2008).

However, few frameworks exist (Tahvanainen, 1998) that describe the PM development process in a global context. Claus and Briscoe (2009) even say that there is no model that gives an overall view of the design, development and implementations of PM across borders, only useful components. This issue will be discussed next.

Global integration of PM

Even if PM is an important HR process for a global organization (Claus and Hand, 2009), it might still be the most challenging HR process in the international context, because of the impact of geographic spread and cultural diversity. There are problems with how to measure performance in a global environment. First, for the operating manager, it can be difficult to agree on what is considered performance, and what might be the consequences of low performance (Evans et al., 2002). Even if feedback and consequences for employees, such as pay, are similar for domestic and international operations, the difference in the implementation is far more complex and problematic in international companies (Engle and Dowling, 2007). The relationship between HQ and subsidiaries is an important topic and deals with the question of how to integrate subsidiaries into the MNC’s strategy. The PM as a strategic HRM process enables the MNC to continuously evaluate and improve individual subsidiary units (Lindholm, 2000a). What is important is not how the subsidiary, through the PM system, resembles the parent but how the subsidiary furthers the parent’s strategy. The first task is making sure that the parent’s strategy objectives are reflected
in the performance targets. The second task is measuring the achievement of these targets. It is a difficult decision as to whether the process should be applied and standardized worldwide or be subject to local adaptation (Evans et al., 2002).

Empirical articles about employee PM from a global perspective are mostly exploratory in nature, and the design and substance of the research studies are weak (Claus and Briscoe, 2009). Surveys have also been carried out on PM in multinationals originating in different countries. The results indicate that PM is used for more than 70 percent of the companies’ employees. More than half have a yearly review, about 40 percent more often than once a year. Software is used in 20 percent of cases, and about a third plan to introduce it. Training for managers has doubled. Ranking systems are used, but few find them effective. The most effective performance systems are consistently used throughout the organization, integrated with other systems such as promotion, compensations and succession planning. The systems involve senior managers and employees and are linked to organizational strategy (Cascio, 2006). Lunnan et al. (2005) also sees PM as an extension of traditional PAs, linking individual performance to company strategy. They are divided between calculative (the focus on individual contributions and rewards is more common in the USA) and collaborative PM (the focus is on creating a partnership culture between employer and employee by, for example, competency development, which is more the norm in Scandinavian countries).

Empirical research, according to Nilsson and Kald (2002), shows that the development of PM systems has taken different directions depending on the geographic region in comparative research. Nordic countries have an interest in models of control, and both financial and non-financial measures are quite significant. The North American perspective focuses on strategy and is financially oriented, but sometimes lacks consideration of long-term profitability. In Japan, where competition is even keener and many companies compete in each industry; there is more growth orientation and a focus on return on investment. There, the link to strategy and non-financial measures also fulfils a function. In addition, in Europe there is a focus on financial and non-financial measures.

Aycan (2005) has studied how culture affects HRM in six key areas: human resource planning and career management, job analyses and design, recruitment and selection, PA, compensation and reward management and training and development. A cultural approach in a study by O'Regan and Ghobadian (2004) confirms that there is a close association between strategic planning, organizational culture and performance. High-performing companies place a much greater emphasis on strategic planning and have a stronger and more defined leadership style and culture than low-performing companies. However, Wood et al. (2006) have found no direct relationships between strategy, performance and operational requirements by managers. The Western concept of PM may not always suit other cultures. The reasons may be that the manager-subordinate relationship is understood differently due to power distance, or that discomfort with critical feedback may lead to problems with appraisals. For example, in German HRM practices, PM is not mentioned, and Chinese employees sometimes avoid initiative for fear of being punished. Chinese culture can also show a preference for group-oriented appraisals rather than individual assessment. For the Chinese, the link between performance and career development is most appreciated (Evans et al., 2002). Organizations in developing countries have invested resources, time and effort in adopting the HRM practices developed in Europe and North America,
while the organizations see that practices already proven to be effective are better than “trying to reinvent the wheel”. The question is whether these practices will be as effective in the work cultures of developing countries (Mendonca and Kanungo, 1996). It might be necessary to make some adjustment to issues of cultural adaptation associated with the complexity of conducting international business. According to guidelines for adequate GPM, it is important to consider the fairness of the evaluation (Briscoe and Schuler, 2004).

Differences in the perception of managing performance are frequently attributed to differences in national culture. This may be misleading, and within cultures, it may be as large an issue as its counterpart across cultures. Real problems such as different interpretations of performance expectations and rewards are often more tangible if the specifics are not well defined. The result is confusion, frustration, conflict and low turnover, the complete opposite of what was supposed to be achieved. The issue is then more a lack of a common perspective (Evans et al., 2002). Lunnan et al. (2005) say that HQ often implement PM to improve consistency and coordination across subunits, but the results cannot be seen immediately. Over time, the process tends to change into different processes in the organization. Naturally, there are companies that have tried to create a common, online, company-wide system that supports PAs, professional development and succession management, for example, a company that has a company-wide system in place in 36 countries on five continents, and which, according to the company itself, functions very successfully in a unified manner (Neary, 2002).

As a process that has great potential to add value to the MNC, PM can be a tool in developing a global mindset (Evans et al., 2002).

Cascio’s (2006) view of GPM is that there are two broad categories of performance factors, task performance and contextual performance. Task performance represents the core technical activity of the organization, for example, software development. Contextual performance factors represent the performance components that support the organizational, social and psychological environment in which the technical core must function. Borman and Motowidlo (1993) say contextual performance deals with attributes that go beyond task competence and foster behaviors that enhance the climate and the effectiveness of the organization. Even if employees are individual units to be measured, they are still a part of a system of interrelationships.

The problem in the field of PM from an international perspective is largely definitional. Some focus on individuals and appraisals at the personal level. Other works are more in line with strategic HR management, seeing the organization (corporate, subsidiary, business unit, and team) as the unit of analysis rather than the individual. The concept of “employee” PM lies somewhere in between, with individual employee performance linked to the overall strategic goals of the organization. Employee PM is an HR process that comprises a number of activities such as setting expectations, monitoring performance, providing feedback, conducting face-to-face appraisals, giving employees a chance to provide input, providing developmental and career guidance opportunities based on results and linking the reward system with individual and group appraisal results (Claus and Hand, 2009).

Brumback (2003) has described a model that allows members of teams to blend their individual talents to manage their own performance for the good of the organization. Guest (1997) has made a research agenda with the link to performance and HRM, but concentrates more on hard data and high outcomes such as output of goods and services,
qualitative or measuring of time and not least, financial indicators. There are also links between developing a framework to improve the competitive capability of small companies by network visibility, according to Alba et al. (2005), by developing a new paradigm called GPM that they say consists of extended PM and enriched PM. By that, they mean to develop instruments to monitor, broadcast and measure better performance for internal, external and network levels and new views that take into account new business paradigms such as innovation, environmental care and ethics. The goal is to improve the business and reduce costs.

Vance (2006) examines various important company HQs’ “upstream” and local country units’ “downstream” processes and activities that must work in sync to build global synergies, and effectively implement company strategy. Upstream processes and activities of GPM considered include strategic PM, integration and coordination, workforce internal alignment, knowledge management and organizational learning. Downstream considerations include responsiveness to local conditions, sensitivity to cross-cultural differences, establishment of the PM relationship and comprehensive training efforts. Culture represents such a key fundamental local condition that it requires separate attention in its own downstream category. Another important dimension of culture involves the degree to which individuals believe that humans are in control or can influence their external environment. It is a dimension that ranges from the extreme of believing they can control their destiny (the future is what they make of it) to the opposing belief that events are dependent on supernatural forces within the universe (the outcomes that affect them are beyond their control and due to predetermined fate or luck) and must be accepted. Paik et al. (2000) observe that managers in multinationals should be careful in generalizing the PA design and practice across countries in the same traditional cluster that are generally considered to be culturally similar.

Owing to the differences in rating, cultures, rules and laws, it is difficult to compare the performance of host country subsidiaries in different countries. There is a need to see if this also applies to all cultures. Diverse cultural backgrounds may lead to distinctly different frames of reference, for example, about ratings. Members of a culture assume that their way of thinking is obviously correct, and therefore can ignore the differences found in relation to individualism and collectivism, for example. In a collectivistic society, openly discussing a person’s performance is against the norm of harmony and can result in an unacceptable loss of face. In those cultures, communication needs to be more indirect. In some cultures, such as India, it is inappropriate and disrespectful to disagree with one’s supervisor. Training for managers about how to conduct GPM systems is essential; otherwise implementation will just be a waste of time and money (Cascio, 2006).

Existing research views on GPM
A review of relevant articles shows that there are different ways of looking at PM, which makes it a challenge to classify the core subjects. Below is presented previous research conducted about GPM and its main outcomes.

A review of PM articles shows there are five broad categories when describing GPM. The first one concentrates on the tool itself and the process supporting company goals. Second, expatriates are a category by themselves, focusing on international assignees. Then the third category can be seen as more of a cultural perspective approach.
Diffusion is one way, and the explicit and implicit approach, which refers to the culture in the country, being high or low context (according to E. Hall), another. Standardization compared to localization is the fourth. The fifth takes a more comparative cross-cultural perspective comparing implementation of PM in different countries. Naturally, there are other ways of looking at categories; for example, Briscoe and Claus (2008) have made the distinction between conceptual and empirical articles where there is significantly more of the latter. The authors’ categories are international/GPM looking at culture, PM/appraisals aspects and case studies and a smaller section of expatriate PM articles.

**Tool and process perspective**

The most commonly used aspect of PM is the appraisal, which companies naturally use as a variation of the tool. Usually included are target setting, feedback and development with a link to values and company strategy. The term appraisal can mean a system managing organizational performance, or a system for managing the performance of an individual or a system integrating the two (Williams, 2002). The majority of attention paid to GPM has been on the appraisal (Claus and Briscoe, 2009).

The PA is considered an important human resource practice, but it is more assumed than tested that a relationship exists between the appraisal that the employees are satisfied with, and work performance, employee attitudes and motivation. It cannot be expected that all employees will react in the same way to PA and goal setting. In order for PA to positively influence employee behavior and future development, employees must experience positive appraisal reactions, which, however, does not necessarily increase work performance (Kuvaas, 2007). Levy and Williams (2004) argue that PA takes place in a social context and that the context and the feedback environment play a major role in the effectiveness of the process and participants’ reactions. In addition, leader-member exchange was cited as capturing the process through which leaders respond to, and interact with, subordinates. The interpersonal affect, a like-dislike relationship between supervisor and subordinate, has traditionally been conceptualized as a source of bias in PA. Varma et al. (2005) have found that in their samples, interpersonal affect and performance level had a significant effect on performance ratings. Latham et al. (2005) focused on appraisals and their associated problems: the process, legal issues, the instrument, who should do the appraisal, evaluation and feedback, objectivity and fairness in an organizational environment. Kochanski and Sorensen (2005) observe that organizations desiring to maximize PM effectiveness must focus more on execution and less on the search for the technique that will make it work “this time”. In an early article, Cascio (1982) described the scientific, legal and operational reasons why PA will not always work in a particular organization.

In another paper (Shipper et al., 2007), the 360-degree feedback process is used as a tool to develop managerial skills, but the paper mentions that this process cannot be applied equally across cultures, due to different values in the cultures. It is most suited for cultures with low power distance and individualistic values. Freeman (2006) and Andersen et al. (2006) say that a more holistic view of the evaluation is needed, while the employees work in a complex competitive environment to create effective management. Choosing a holistic view, instead of allowing various concepts and tools to develop throughout the organization, harnesses and puts the tools into an overall framework where the linkage is understood. By doing that, tools can be designed and chosen based on how they fit into the overall model. That way, isolated changes and improvements
cannot end up countering each other (Andersen et al., 2006). Grönfors (1996) agreed and observed that the paradigms are changing from mechanistic to holistic over time. The understanding of people has changed from seeing them as a collective to a more individualistic view, admitting that people are different and that there are various differences in the reasons that make people perform.

de Waal and Counet (2009) have looked at the problems that can occur when implementing and using PM. The most severe problems are lack of management commitment, not having a PM culture or that PM is getting low priority. Fraser and Zarkada-Fraser (2000) have presented a method for development, validation and refinement of a performance measurement tool in Australia and Singapore. This tool is based on a set of performance elements, consisting of measurable task-related activities and behaviors, that when combined define PM.

Expatriates, a specific target group perspective
Woods (2007) concentrates on the evaluation of individual cross-cultural managerial performance and practices within the context of PA of expatriates. He has concentrated on Austrian and Singaporean expatriates (Woods, 2003), where a majority of respondents (90.2 percent) were satisfied overall with the fairness and accuracy of expatriate PM practices. Suutari and Tahvanainen (2002) and Tahvanainen and Suutari (2005) examine PM of the goal setting of 301 Finnish expatriate engineers and how they are evaluated and by whom, and found that 40 percent had team goals. The link to a global strategy approach from an HRM perspective could focus more on an implementation phase (standardization or localization) than on strategy formulation, seeing people as the critical component. In MNCs, there needs to be a decision on how to implement PM in different units. Should it be a standardized system, or can the decisions be made locally? The authors also showed that expatriate compensation, bonuses and PRP has been much discussed in the expatriate literature. Tahvanainen (1998) examines expatriates in a case company with 81 interviews and a mail survey on how performance was managed among expatriates and how the PM process supports company goals over time. In this study, the expatriates originated from a single culture, Finland.

Lindholm (2000a) adopts a more host-country perspective, and finds that variations in the efficiency of PM practices may depend on the nationality of the expatriate. In MNC subsidiaries where the majority of the workforce are from the host-country, and the host-country culture differs from that found in the MNC’s home country, the effect of PM on job satisfaction is less known. Lindholm (2000b) wanted to know the effect such standardized PM had on host-country employees, and therefore looked at whether national culture explains differences in the relationship between job satisfaction in MNC subsidiaries located in diverse cultures. He found that PM has a broad impact on the job satisfaction of host-country employees, but the corporate culture with behaviors, beliefs and values (perhaps influenced by the expatriates) harmonizes the standardized PM, and national culture had an only partial impact. The presence of expatriates activates the diffusion of standardized PM because they transfer both the corporate culture and PM. Lindholm further examined the HQ/subsidiary relationship and PM policies in subsidiaries in the cultural setting of the Republic of China with four independent empirical studies consisting of 26 pilot interviews and an employee attitude survey.

There are also other findings on expatriates and PM. A link between corporate expatriate HRM policies, the degree of internationalization and corporate-level
performance of 54 of the world’s largest MNCs was reported by Peterson et al. (1996). Janssens (1994) sees PA systems as a way to control international managers’ behavior and international operations in general, when looking at the power of the international manager, managers’ commitment to the parent organization and the company culture in British and Belgian parent companies. A more organizational perspective is taken by Martin and Bartol (2003), who examined factors influencing expatriate PA system success in 94 US multinationals. Gregersen et al. (1996) also look at US MNCs and appraisal accuracy.

Cultural perspective
It is not unreasonable to assume that cultural values affect the efficacy of various PM practices, but there is no verified, research-based knowledge to support the assumption (Claus and Briscoe, 2009). Engle et al.’s (2008) research on GPM emphasized inputs, outputs, processes and global standardization versus local customization. The new components in the research are explicit and implicit approaches, referring to high-context and low-context cultures. The GPM theory is contextual, technical, intercultural and developmental. Martin-Rios and Erhardt (2008) have also concentrated on international diffusion and managerial PM in the international setting with a study of 11 US and European MNCs. The study was made with interviews and a questionnaire about the degree to which the PM system used had an impact on cross-border knowledge flow. PM was monitored across units in different countries using organizational, cultural, institutional and comparative theory.

Studies exploring the extent to which PM or PA practices are present in a non-Western country, and the impact of that country’s national culture on HR practices according to Claus and Briscoe (2009) are as follows: Arthur et al. (1995) about two West African countries, Ghana and Nigeria, where 82 percent of organizations used a formal PM system; Amba-Rao et al. (2000) in India doing culture-based analyses; Cascio and Serapio (1991) about international alliances; Awashti et al. (2001) about Taiwan; Shibata (2000) about Japan and Snape et al. (1998), Shen (2004) and Ding et al. (1997) about Hong Kong and the People’s Republic of China. Studies about the transferability of the Western concept of PM to non-Western countries are those by Vallance (1999) about appraisals in Singapore, Thailand and the Philippines; Vance et al. (1992) about the Pacific Rim; Shadur et al. (1995) concentrating on Japanese companies; Galang (2004) on the Philippines; Entrekin and Chung (2001) comparing Hong Kong Chinese and American managers in Hong Kong; Easterby-Smith et al. (1995) comparing Chinese and UK companies and Hempel (2001) looking at differences between Chinese and Western managerial views on performance.

Standardization perspective
For MNCs operating in another country, how well the performance system adapts to the other country’s context, can be looked at as standardization versus localization. The interesting part in the country-specific articles mentioned above is whether PM has been centralized, localized or standardized. Although HRM practices in MNCs tend to resemble those of the local country more than those found at HQ, even if it varies (Rosenzweig and Nohria, 1994), the PM seems to follow a different pattern (Milliman et al., 2002). The effectiveness of cross-border transfer of the system from MNCs to their subsidiaries is of most importance to the companies since it is closely
related to strategy (Cascio, 2006). Lervik (2005) examined the HQ/subsidiary relation and change management in one company, looking at consistency versus adaption to the local environment in PM transfer, whether it was integration, imitation or internationalization of PM. The sample was 83 foreign or domestic subunits, and he used a cultural and institutional perspective. Little research has been done about how to transfer PM across borders (Cascio, 2006). Last but definitely not least, Claus (2008), in a theoretical article, wondered whether transnational PM systems are more effective than a standardized or localized approach in MNCs. Here is a social and cultural approach about employee PM and process recommendations for future research.

Björkman (2006) again observed that most organizations and sub-organizations are under pressure to adapt and be consistent with their institutional environment. Subsidiaries owned by foreign MNC’s can be seen as being influenced both by institutional factors in the local environment and by international isomorphic processes, including pressures from the MNC parent company. When subsidiary managers in Chinese-Western joint ventures have been asked to estimate the extent to which the HRM practices resemble those of local firms and the MNC parent organization, the managers revealed that HRM practices were more similar to those of the MNCs than to those mirroring local customs.

**Comparative perspective**

If trying to select a more comparative analysis for cross-national HRM, one needs to break the subjects into well-defined components and give the relevant characteristics for a culture. But comparative management makes an assumption that an environmental constraint will have an effect on management in only one way: in other words, environmental constraints are effective in one setting (one country) and will not work in another (Budhwar and Sparrow, 2002). The influence of a culture can be in the context of PM, including basic perceptions of the kind of performance that matters, such as PM outcomes versus employee obedience and loyalty (Milliman et al., 2002). Claus and Hand (2009) hypothesize that customization of a PM system is a function of global integration, cultural distance and the upstream/downstream nature of PM. Their purpose is to find out the extent of customization of PM and the decisions behind it. Managers’ theories on subordinates and their perception of motivation and appraisal of performance in three cultural regions (North America, Asia and Latin America) within a single organization were compared by DeVoe and Iyengar (2003).

Milliman et al. (2002) observed that there is little empirical data on specific practices of appraisals (seen as a concept to control individuals in organizations to achieve maximum performance and capture the full ability of their diverse workforces as well as the control and coordination of overseas operations) across countries. The authors therefore compared ten countries altogether from different regions in Asia, North America and Latin America. The authors looked at documentation, development, administrative and subordinate expression and how the respondents believed the appraisals should ideally be conducted, without, in that instance, looking at a number of organizational contextual factors, such as strategy, structure, national and organizational culture and regulations. However, data from such a large number of countries provide the building blocks for understanding PM on a cross-national basis. The authors found some similarities between four countries on the American continent, Australia and Taiwan and four Asian countries.
Lam et al. (2002) looked at the relationship between perceived participative (how an individual believes he or she has the ability and skill to successfully participate in the decision-making process) decision making and employee and group performance in one organization with Hong Kong and US branches. When looking at observation techniques in cross-cultural research as well as in the applied context of PAs, one needs to consider that cultural differences are critical, for example, to rating scales (Li and Karakowsky, 2001). In addition, Farh et al. (1991) studied self-ratings made by Chinese and US workers, comparing the ratings to supervisory ratings of subordinate performance, with the result that Chinese workers rated themselves less favorably than the US workers did. Earley (1994) also showed that for an individualistic country like the USA, self-focused training had more impact on performance than it did in the collectivistic People’s Republic of China, where group-oriented training was more effective. Another study (Earley, 1986) examined English and American workers and the usefulness of feedback in shaping their behavior. Results suggested that American and English workers valued and responded to praise and criticism differently, and that the influence of the feedback was mediated by a worker’s trust of the feedback source and the perceived importance of the feedback.

Festing and Barzantny (2008) studied employee PM in the French and German environment with a comparative approach. There were no clear indicators of a convergence across countries in Europe, but an indicator of the strong influence of legal and cultural environments was found. Waxin and Bateman (2009) have found, when going through literature between 1988 and 2009 in civil service systems, that most countries have adopted some elements of PAs, but much still remains to be done before PM can contribute to performance steering. One can only assume that is the case in MNCs, too, but of course, this needs to be controlled.

Adoption differences across countries in implementing organizational practice have also been looked at by Gooderham et al. (1999) and the effective use of human resources aimed at promoting the goals of both employees and employer. Organizations in different countries operate according to different institutional principles and exhibit organizational and inter organizational structures that manifest those principles. Differences at the international level still need to be looked at extensively when the cultural backgrounds differ.

**Directions for future research**

This literature review, in striving to put forward present trends and future research opportunities within GPM, shows different approaches but also similarities. Links to company strategy seem to reappear in all five perspectives. On the other hand, an overall framework looking at the different stages of PM in a global environment with strategy, visions and goals of the company does not seem to exist, at least according to this mapping. GPM is just one IHRM practice, and comparing it to other practices and how they transfer in MNCs, using a more complex model capable of interacting between different content elements, would give a fuller picture of a rather complex subject. When critically comparing and analyzing these perspectives, it becomes apparent that they share a narrow focus on one subject; for example, expatriates or a particular managerial level. Based on the text, there have been several quantitative studies, but qualitative, more individualized, in-depth studies still need to be conducted. Some implications of the perspectives and some further possibilities for development are presented below.
The tool and process perspective
The integration stage of GPM begins after the recipient achieves satisfactory results with the transferred tool. It is only healthy to take a more critical approach to the tool. Therefore, looking at the tool in practice in one or several MNCs would be of great interest and would add to the knowledge of PM as an effective HRM practice. An expanded view on the tool modified for different individual types and the adoption process is still lacking.

Expatriates, a specific target group perspective
We already know that to make IHRM practices more proactive and globally strategic, a fully integrated global business partner finding and developing talent on a global basis is necessary. Here PM is a suitable instrument and practice. If the workforce is employed in a company under foreign control, the MNCs are important shapers of an institutional context. Here the HQ/subsidiary relationship and culture and norms in the different countries will be of importance to the expatriates’ contributions.

Cultural perspective
This study indicates that to widen the understanding of PM, several factors such as culture, individual benefits, HQ/subsidiary relations and the effect on the organization need to be analyzed.

Standardization perspective
International diffusion is not yet fully explored either, even if more country-specific approaches modeled in a comparative way have been conducted. In addition, it can also be possible to make the distinction between PM as a standardized tool or a more localized approach to the tool. That also leaves the question of whether transnational systems are better than a more country-specific approach.

Comparative perspective
One research possibility could be a comparative perspective to analyze how sensitive the GPM system is to institutional factors or diffusion in adaptation patterns between countries that may cause issues in cross-border transfer. A focus on both participants and the effect of GPM simultaneously in the host and home country would benefit the understanding of the process.

When comparing these, where are we going in the area?
The GPM process implemented with aims, processes, outcomes, challenges and tensions is, however, not based on rigorous research yet, which leaves a gap for research. How GPM as an IHRM practice is related to human capital in the MNC on a more individual level is of interest and an opportunity. Significant differences in the implementation can be assumed to be found among employees and need not to be forgotten. The view of employees is also of importance; for employees can form a barrier to system effectiveness, depending on their level of knowledge of the tool. Effectiveness may also be influenced by the number of expatriate managers in the MNC, cultural awareness and whether the process is standardized or localized.

Björkman et al. (2009) has studied subsidiary adoption patterns, focusing on the internal transfer of PM systems. The internal factors influencing the transfer are the four archetypes: ritualist, true believer, non-conformist and dissident at subsidiary
or manager level. A similar study could be done among employees. Future studies could explore how practices diffuse within organizations among departments, functions and divisions, and the role played by managers and information networks in legitimizing these practices (Subramony, 2006). Managers should support employees in a constructive way and understand their perspectives. Encouraging self-empowerment of employees is crucial to decision making, the level of control exercised by management and also permits a form of self-expression for employees. In this case, social construction could be a suitable theory for focusing on relations, and from the observations an inductive model could be created.

The link between IHRM and GPM might have an impact on company profit and employee motivation, but without further studies on the subject, we will not know why or how. The performance needs to be measured at the individual, group, unit or company level to establish the linkage and in order to establish a theory on why. By looking at the bigger picture on GPM and focusing not only on numbers, a company can, through planning, linking to strategy and effective use of staff and tools, create an effective process.

Conclusion
The aim of the paper was to review and bring together the research on advances in the field of GPM as an IHRM practice, to explore the field, discover the main issues and link them to organizational strategy and individual benefits. The important papers and books mentioned above were found to have commented on the field of PM between 1982 and 2009. During this period, the perspective has shifted from looking at the more technical appraisal to a more extended and integrated PM process in MNCs. For a global company, PM is a tool for managing performance and motivating employees to act in accordance with the strategy, vision and values of the company, in time leading to better performance for the company and possible growth.

In identifying the five perspectives, the author found that an expanded view of the PM process is relevant to users. According to Claus and Briscoe (2009), it is difficult to generalize from the studies about GPM, because there is unconnected knowledge regarding so many different elements in the process. There are also overlaps, for example, a focus on cultural aspects, global integration and local responsiveness are mentioned in several publications.

Organizational culture consists of a set of values, beliefs, priorities and assumptions of an organization that guide individual and collective behavior. The culture can be shaped naturally by the members of the organization but can also be shaped and changed through systematic programs by the managers of an MNC (Vance and Paik, 2006). PM systems successfully integrated in the company can effectively influence the outcome. The purpose of GPM is to convert the potential of employees into desired results, bearing company goals and strategy in mind. Effective PM is an important source of competitive advantage. GPM is the area of IHRM that has the potential to make the most significant contribution to organizational effectiveness and growth, being beneficial both to the individual and the company.

References


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