



Customize Performance Management to Fit Global Cultures

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By Rebecca R. Hastings, SPHR

Experts say companies often impose an American style of performance management on employees based in other countries, even when such a system conflicts with local cultural norms. A better approach, they say, is to adapt the system to fit the culture.

"I frequently see U.S. firms pick up their existing performance management program ... philosophy, intent, forms, everything ... and try to force-fit them into non-U.S. cultures, forgetting that the nature of the employer/employee relationship varies widely from place to place," said Lance Jensen Richards, GPHR, SPHR, senior director and global practice leader of human resources consulting, Kelly Outsourcing and Consulting Group.

But he said this is a mistake.

"What works in Dallas might not work so well in Dalian or Dubrovnik," Richards told *SHRM Online*.

"In some cultures you simply cannot transpose culturally offensive management styles," said Charlene Solomon and Michael Schell, authors of [*Managing Across Cultures: The Seven Keys to Doing Business With a Global Mindset*](#) (McGraw-Hill, 2009). "The 360-degree approach is a good example of this. It requires a fundamentally egalitarian mindset and value system in order to be effective."

"It's a rather Western concept to evaluate performance management scientifically and with a process that is valid and reliable and rational," stated Dean Foster, president of Dean Foster Associates, a global intercultural consulting and training company. "The management and assessment of performance has always been done [around the world], but it's been done more intuitively and organically, and not in a rational, organized process.

"We assume in the West that people will say things clearly," Foster added. "And fundamentally that presumes that we communicate openly and can discuss things that are problems, and that's not the case in many other cultures around the world."

However, because the American business model is accepted and admired, many companies outside the United States will simply accept the American way of doing business rather than expecting to have practices adapted to fit their culture, said Dick Grote, founder of Grote Consulting and author of [*Forced Ranking: Making Performance Management Work*](#) (Harvard Business School Press, 2005) and other books on performance management.

Global Variations

In the United States it is common for each employee's performance over the previous six months or year to be documented and followed by a one-on-one meeting between the employee and their supervisor, at which time the employee will receive their rating and discuss expectations for the next rating cycle. In some cases employees are expected to complete a self-appraisal, which might be factored into their review, while in other cases feedback from peers and customers might be included as part of a 360-degree assessment of an individual's performance.

Though far from perfect, and often dreaded, the American performance appraisal process suits the American culture, which is regarded as highly individualistic and egalitarian, according to [Geert Hofstede's research on cultural dimensions](#).

For example, in the United States the performance rating is often used to determine pay. "We have this basic belief in the acceptability, the rightness, the virtue of pay for performance," Grote said. "Those who contribute the most should get the greatest rewards."

In the U.S. employees tend to rate themselves and others very highly, such as a 4 or a 5 on a 5-point scale—using an "everyone gets a prize" mentality, according to Anita Zanchettin, director of global diversity and inclusion for the consultancy Aperian Global and member of the Society for Human Resource Management's Workplace Diversity Special Expertise Panel. But she said that in many European cultures the highest rating might be a 3, and in Asian cultures they wouldn't rate themselves.

Grote said a pay-for-performance system is inappropriate in cultures that focus on interpersonal relations and collectivism.

"In Japan compensation is not based on performance. In fact, it's hard to identify the individual performance," Foster said, because the focus is the team. "If an individual were identified as performing so well that they got compensation in return for it, it would be anathema to the group's collaborative ethos."

Grote, who has spent three decades specializing in performance management, said that some countries, such as Korea and Germany, use performance management processes that closely parallel those used in the United States. The same is true for France, though he noted that there is less of a connection between performance and pay in that nation.

However, the Japanese and American processes have "diverged significantly" over the years, according to Grote. "The Japanese system is frequently, and even intentionally and openly, used as a means of discriminating against 'undesirable' employees," he said, a practice that is prohibited under U.S. civil rights laws. And although the performance appraisal process involves filling out the appraisal form and discussing it with the employee, Grote said that "in Japan the appraisal process often involves only the completion of the form without the discussion between boss and subordinate of the results of assessment."

Those who work in the U.S. often put a great deal of value on the information that comes from 360-degree feedback, according to Grote. But in a country like India—which tends to be more collective than individualistic and which embraces a [high-power distance](#), or inequality of power, there is less value placed on the opinions of others, he said, and it would be seen as inappropriate culturally to ask employees to fill out a questionnaire on their boss.

Similarly, Foster said, it would be difficult to implement a system that includes self-appraisal in cultures that are defined as collaborative, consultative and consensus oriented. "People simply don't speak in the capital I and are very uncomfortable doing so," he said. "In a culture like China or Japan, asking a person to speak about themselves in a way that is honest and direct and that will be

appraised by their superiors is a waste of time.”

And in some cultures, a face-to-face performance meeting never takes place.

“In severely hierarchical cultures where the boss is expected to just tell you what they think, there may not be a direct conversation,” Foster said. “They may communicate through a mediator to help save face.”

Grote said that Filipino managers engage in a practice called “smooth interpersonal relations.” If a boss has a problem with one of his subordinates, he won’t talk directly to the subordinate about it, Grote explained, he’ll instead tell his wife because he knows his wife’s cousin’s hairdresser is related to the problem employee.

In other cultures, managers and employees go out for a drink periodically and chat informally about problems at work, according to Foster. “The end result is that the manager knows and has a good sense of the performance of the individual, but if you ask them to assess the employee on a scale of one to 10 they can’t do so.

“There is a dependent relationship in Asian cultures,” Foster said. Employees depend on leaders to help them solve work-related problems. “That’s at odds with Western cultures where staff members solve things on their own.”

“In some cultures the relationship between the manager and subordinate is so close and ongoing that it’s sort of like a parent/child relationship,” Zanchettin said. Managers know how employees are performing and give them feedback on a regular basis.

A Look at India

The business culture in India varies depending on whether it is a family-held business, an Indian company or a Western or American multinational organization, and that affects the nature of the performance management process, according to Nirmala Menon of Interweave Consulting Pvt. Ltd., a diversity consulting firm in Bangalore, India.

“As most Indians are socialized to be hierarchy oriented, this often tends to spill over into the workplace,” Menon told *SHRM Online*. “In family-owned or the more traditionally-run organizations, the boss or manager often takes the position of the father in the family.”

Organizations rely heavily on informal feedback from the senior person, which might be given indirectly and which is absorbed by the one for whom it is meant and others, Menon added.

Menon says this means that the employee’s career growth is the boss’s responsibility. “The expectation then is that “Father knows best” and what is conveyed is accepted even if they are in disagreement,” she said. “Evaluations are therefore often influenced in such situations by the deference shown to the boss and the level of loyalty exhibited; compliance more important than performance.”

But Menon said that modern Indian organizations and multinational corporations, particularly IT and telecommunications firms, generally adapt to the global value systems of their companies. As a result, evaluations tend to be more structured and include face-to-face meetings, she said, followed by a written document signed by employee and manager and which typically incorporates input from peers and customers to substantiate the rating.

“While indirect feedback also exists in these organizations, given the heightened awareness of a fair and professional environment, there is more acceptance and expectation of a documented

communication, keeping in mind the objectives for the period under review," Menon added.

Adapting Practices

Before transplanting a performance management process from one country to another, Solomon and Schell said, organizations should go through a cultural adaptability assessment to determine whether their global corporate culture is strong enough to enable the performance management practice in question to work across other cultures as effectively as it does at home. If not, they should work with key HR staff to adapt it as appropriate and then pilot it in each new region before mandating its use on a widespread basis.

According to Richards, "The savviest firms look closely at their performance management practices, then at individual business and employment cultures, and look for opportunities to innovate and adapt their global framework to align with local practices."

The focus, Zanchettin said, should be on what the organization is trying to achieve through its formal feedback process. Once that is known, they should ask whether they can live with using a variety of culturally appropriate ways of achieving that end.

She said this might involve transitioning to a "culture of feedback" in which managers are trained to "feed forward" rather than focusing on documenting how an employee performed in the past.

The main objective of performance management, according to Grote, is to make sure that employees know what the company expects of them and how well they are meeting expectations. "That's independent of culture," he said, though he said organizations "may have to tailor and adapt processes in order to make them culturally comfortable."

Rebecca R. Hastings, SPHR, is an online editor/manager for SHRM.