Performance Management around the World: Solving the Standardization versus Adaptation Dilemma

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Abstract

**Purpose:** Globalization and the COVID-19 pandemic continue to pose significant challenges to managing employee performance across geographic locations because there is a need to simultaneously implement procedures that are standardized and yet applicable to different contexts. We describe five performance management universal principles that can be adapted to specific contexts to address the performance management standardization versus adaptation dilemma.

**Design:** Literature review.

**Findings:** We describe five universal principles in performance management, how they can be adapted to specific contexts around the world, and actions organizational can take to implement them: (1) cultural congruence, (2) strategic congruence, (3) performance evaluation thoroughness, (4) inclusiveness, and (5) effective feedback.

**Originality:** We provide valuable and actionable knowledge for organizations facing performance management challenges around the world.

**Keywords:** performance management; employee performance; COVID-19; performance appraisal; employee development; globalization
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Performance management is “a continuous process of identifying, measuring, and developing the performance of individuals and workgroups and aligning performance with the strategic goals of the organization” (Agunis, 2023, p. 3). Thus, it differs from the traditional annual performance appraisal in two critical aspects. First, there is a clear alignment with an organization’s strategic goals. Second, performance management is a continuous and ongoing process instead of a static snapshot that takes place only once a year.

The global movement from performance appraisal to performance management started in the early 2010s. For example, in 2012, Donna Morris, then Adobe’s senior vice president of people resources, was interviewed by the Economics Times of India during a business trip. Jet-lagged and sleep-deprived, she declared that she would “abolish the performance review format.” Morris’ spontaneous announcement was met with great enthusiasm in the industry (Agunis & Burgi-Tian, 2021b). In fact, the transition from performance appraisal to performance management has been received positively by many organizations worldwide, including IT companies in India (Tripathi, Thite, Varma, & Mahapatra, 2021).

Performance Management around the World: The Challenge

In spite of the ongoing enthusiasm, implementing a performance management system is a difficult task and globalization and the COVID-19 pandemic have exacerbated challenges even more. Specifically, the expansion of multinational corporations (Cooke, Wood, Wang, & Veen, 2019), the surge of international mergers and acquisition (Deng & Yang, 2015), and international career mobility (Silvanto, Ryan, & Gupta, 2017) pose considerable challenges to managing the performance of an increasingly dispersed and global workforce. In addition, in a post-COVID
world, many employees now expect to be able to work from anywhere (Choudhury, Foroughi, & Larson, 2021) and remote work is therefore the “new normal” (Raghuram, Hill, Gibbs, & Maruping, 2019).

Standardization is a key feature of effective performance management systems (Aguinis, 2023). The reason is that standardization is critical for the system to be fair. But, how can performance management be standardized when some employees work face-to-face with others, whereas others work remotely and their interactions with coworkers are so different? How can performance management be standardized when it needs to be sensitive to cultural and legal differences around the world to be effective (Cho & Payne, 2016)? In short, globalization and COVID-19 have created what we call the performance management standardization versus adaptation dilemma.

The Present Article

The goal of our article is to offer solutions to the standardization versus adaptation dilemma. We do so by describing five performance management principles that are universal because there is empirical evidence that they are uniformly effective around the world. However, similar to more general management universal principles (Aguinis & Henle, 2003), these performance management principles are also adaptable in that they can be implemented with variations across contexts. In other words, these are five principles that are context-invariant and yet can be at the same time adapted based on contextual characteristics, thereby solving what seems to be the inescapable standardization versus adaptation catch-22. The five principles are the following: (1) cultural congruence, (2) strategic congruence, (3) performance evaluation thoroughness, (4) inclusiveness, and (5) effective feedback. Next, we describe each principle, how they can be adapted to different contexts, and recommendations for organizations on how to
do so. As a preview, Table 1 offers a summary of the material that follows.

[Insert Table I about here]

**Performance Management Universal Principle #1: Cultural Congruence**

**Universal Principle**

A good performance management system is culturally congruent. This means that the performance management system should be congruent with the broader cultural context of the region and country (DeNisi, Murphy, Varma, & Budhwar, 2021). There is ample evidence suggesting that culture plays an important role in the effectiveness of a performance management system (Aguinis, Joo, & Gottfredson, 2012). For example, in western cultures, performance is usually evaluated by outcomes, deliverables, and results. On the other hand, in China managers rely extensively on behaviors as the basis for performance evaluation. In turn, these behaviors reflect underlying cultural values such as face (i.e., 面 of miànzi) and Confucianism (Hempel, 2001). Thus, behaviors, attitudes, and beliefs that reflect values such as peace, harmony, morality, and diligence are evaluated more positively. Accordingly, a performance management system that overly relies on outcomes and results and overlooks these culturally-congruent characteristics will not be very effective or well-received in China. So, regardless of where the organization is located, cultural congruence makes performance management more effective, which makes cultural congruence a universal performance management principle.

**Universal Principle Adaptability**

The performance management system should be culturally-congruent, meaning that it should adapt to different cultural contexts. Understanding cultural dimensions can help organizations design more culturally-congruent performance management systems, managers communicate feedback more effectively, and improve employee performance. We discuss four
dimensions of culture and how each can be used to adapt performance management so it is context-congruent: individualism-collectivism, power distance, uncertainty avoidance, and fatalism (Hofstede, Hofstede, & Minkov, 2010).

**Recommendations for Achieving Cultural Congruence**

First, *individualism-collectivism* refers to the orientation towards individual achievements compared to group identification (Rhee, Alexandra, & Powell, 2020). Cultures that are more individualistic tend to place higher importance on individual achievements, such as those in the United States, Australia, and the United Kingdom. On the other hand, cultures that are more collectivistic tend to focus on group identification, such as in China, South Korea, and Singapore. Performance management systems in contexts with high levels of individualism should be adapted to include measures focusing on individual outcomes and contributions, even though both individual as well as team performance should be measured and included. Similarly, training regarding performance management should be provided at the individual level instead rather than just in the context of large groups. In contexts with high levels of collectivism, it is important to avoid using confrontational and blunt language, and to minimize large differences in rewards across individuals holding similar positions (Aguinis, Joo, & Gottfredson, 2012).

Second, *power distance* refers to the degree of acceptance of an unequal distribution of power (Peretz & Fried, 2012). In cultures with higher levels of power distance such as in Malaysia, Guatemala, and Mexico, large gaps between the wealthy and the poor are usually accepted and even expected. On the other hand, in cultures with lower levels of power distance such as in Austria, Israel, and Denmark, people are uncomfortable with an uneven distribution of power and typically treat each other as equals regardless of seniority, hierarchical position in the organization, and socio-economic status. Accordingly, in cultures with lower levels of power
distance, it is important to include employees in creating and deciding which tasks and goals to evaluate and to encourage employee participation in decision-making. Also, a multi-source feedback system (also known as 360-degree system) is likely to be received positively. On the other hand, in cultures with higher levels of power distance, it is more effective for supervisors to deliver performance feedback compared to peers and subordinates. Moreover, supervisors should be the ones taking the lead on establishing tasks and goals, with the consent from the employees (Aguinis, Joo, & Gottfredson, 2012).

Third, uncertainty avoidance refers to the level of comfort in unstructured situations (Newman & Nollen, 1996). In higher uncertainty avoidance cultures such as those in Japan, Germany, and France, people tend to have a lower tolerance level towards ambiguity. On the other hand, in cultures with a lower level of uncertainty avoidance, such as those in Singapore, the United States, and China, people are usually more comfortable with fluidity and flexibility. Accordingly, performance management systems in cultures with high uncertainty avoidance should include job descriptions, tasks and goals that are highly specific and clear, and job expectations and rewards that are also clearly outlined. In cultures with lower uncertainty avoidance, it is preferable to have more ambiguous and flexible job descriptions, goals, criteria, expectations, and rewards (Aguinis, Joo, & Gottfredson, 2012).

Finally, as a fourth cultural dimensions, fatalism is the belief that we do not hold too much control over the outcomes of our actions (Aycan, Kanungo, Mendonca, Yu, Deller, Stahl, & Kurshid, 2000). In cultures higher on fatalism, individuals are less likely to try very hard to achieve outcomes, make long-term commitment, and take preventative actions—examples include India, Russia, and Mexico. In cultures lower on fatalism, people tend to plan ahead, follow a daily routine, and forego temporary pleasures in exchange of future gains—examples
include the United States, Israel, and Germany. Accordingly, in performance management systems in cultures with higher levels of fatalism, the perception of a direct and clear causal relation between performance and rewards is weaker. Therefore, organizations should invest more effort on measuring behaviors instead of results, which will help ease the anxiety around achieving outcomes that may be seen as uncontrollable (Aycan, 2005). On the other hand, in performance management in cultures with lower levels of fatalism, helping individuals achieve a work-life balance will likely decrease levels of stress and burnout.

Performance Management Universal Principle #2: Strategic Congruence

Universal Principle

A good performance management system is strategically congruent. This means that the behaviors and actions as well as outputs created by individuals, teams, and business and functional units are strategically aligned with organization’s mission and vision. For performance management to be effective, there should be a direct link between employee and team performance and organizational goals, thus making employees’ contribution to the organization identifiable and explicit (DeNisi & Murphy, 2017; DeNisi & Smith, 2014). Regardless of where the organization is located, strategic congruence makes performance management more valuable, which makes strategic congruence a universal performance management principle.

Universal Principle Adaptability

Organizations’ strategic goals change as a result of, for example, changes in the external environment. Accordingly, goals and tasks of departments, units, teams, and individual employees must adapt accordingly. So, goals change, but strategic congruence remains.

In particular, the COVID-19 pandemic has accentuated the critical role of strategic congruence for performance management effectiveness and the need to adapt the system to
rapidly changing organizational strategic directions. In a pre-pandemic world, many organizations measured the performance of employees, teams, and branches based on sales volumes. But, at the beginning of the pandemic, performance goals that had been established previously quickly became unrealistic and obsolete. Consider the retail industry, which endured one of the most significant blows by COVID-19 given store closures across the world (Silverman, Wellmaker, & Sneider, 2021). Most retailers changed the measures of performance given that original performance goals were no longer possible to achieve. Currently, because of a strategic shift in direction toward digital and online sales, performance targets have been revised. Even after stores are reopened and customers are welcomed back to shop in-person, digital sales are now part of the overall goal-setting process across the retail industry.

In sum, the retail industry provides an excellent example of how organizations changed strategic direction and how performance management has adapted with the goal of maintaining strategic congruence. In fact, performance management was used to give managers and employees an opportunity to have timely conversations with employees, discuss changes in the environment, clearly explain new and shifting directions of the organization, and clarify how employees needed to change tasks and behaviors to contribute to the updated mission and vision of the organization.

**Recommendations for Achieving Strategic Congruence**

We offer two recommendations for achieving strategic congruence regardless of specific contextual characteristics. First, as a part of the strategic planning process, it is important to purposefully create links between employees’ performance goals and the strategy of the organization. Strategic planning is “a process that involves describing the organization’s destination, assessing barriers that stand in the way of that destination, and selecting approaches
for moving forward” (Aguinis, 2023, p. 60). It serves as a blueprint that determines how the organization will distribute its resources to pursue its critical objectives. Many organizations conduct strategic planning sessions, but this conversation usually stays at a high organizational level without directing tangible actions. A critical step in the strategic planning process is to cascade down specific performance goals for business and functional units, teams, and individuals.

Second, once performance goals and standards are established, it is crucial to revisit them frequently and adjust accordingly based on changes in the organization’s strategic priorities. For example, at Roche Pharma Singapore, employees work in a 90-day cycle. Continuous feedback and goal-setting exercises are conducted every 3 months, which provides employees with the flexibility to adapt and pivot goals and adjust expectations based on strategic changes (Ahmed, 2020a).

**Performance Management Universal Principle #3: Performance Evaluation Thoroughness**

**Universal Principle**

A good performance management system is thorough. This means that performance evaluation should comprise all major job responsibilities, including both results (i.e., how the job is done) and behaviors (i.e., the outcomes of how the job is done) (Aguinis, 2023). For example, Gregersen, Hite, and Black (1996) provided evidence that performance management systems for expatriates are particularly effective when they are thorough in that they include multiple evaluation criteria (e.g., performance outcomes, supervisory ratings). Regardless of where the organization is located, performance evaluation thoroughness makes performance management more acceptable, which makes thoroughness a universal performance management principle.

**Universal Principle Adaptability**
Both results and behaviors are important in measuring performance, but the extent to which there is more emphasis on one of the other needs to be adapted to particular contexts. Specifically, the results approach is particularly relevant when workers are skilled in the needed behaviors, when behaviors and results are clearly related (i.e., it is known that specific behaviors result in specific results), when results show consistent improvement over time, and when there are many ways to do the job right. On the other hand, measuring behaviors is more appropriate when the link between behaviors and results is not obvious, when outcomes occur in the distant future, and when employees do not have control over the results that they produce.

**Recommendations for Achieving Performance Evaluation Thoroughness**

The COVID-19 pandemic has intensified the need to be thorough by measuring behaviors in addition to results because disruptions caused by the external environment have in many cases decreased employees’ ability to control their work outputs. For example, Brandon Coate, the Head of Human Resources for HSBC Singapore, shared that when evaluating employees’ performance outcomes, it is critical to consider the real-life challenges that they face and recognize the time and effort needed when balancing their work and caring responsibilities. He particularly emphasized the importance of considering employees’ “proactive behavior and attitude to supporting the wider team as their role may be momentarily less relevant” and their “flexibility and willingness to develop new skills and adapt to a different role and how they have contributed to overall service performance outcomes” (Ahmed, 2020b).

As a second recommendation related to adapting performance management to measure behaviors to make sure performance evaluation is thorough, consider organizational citizenship behavior (OCB). OCBs consist of discretionary behaviors that contribute to the overall effectiveness of the organization, but are not directly or explicitly required by an employee’s job
description (Organ, 2018). OCB takes a variety of forms including voluntarily helping and cooperating with others (i.e., altruism), creating a positive environment (i.e., sportsmanship), defending your organization in front of others (i.e., organizational loyalty), treating people with professionalism and respect (i.e., courtesy), following organizational rules and procedures (i.e., organizational compliance), carrying out tasks that are not formally part of the job (i.e., individual initiative), participating in corporate governance (i.e., civic virtue), and constantly and continuously improving skills and abilities (i.e., self-development) (Organ, 2018).

Adapting performance management to ensure performance evaluation thoroughness by including OCBs is important for several reasons. First, consider the current hyper-competitive and global market for most industries. In the past, following directions and completing specific tasks that are explicitly asked of the employees usually sufficed. But, at present, organizations must rely on employees’ altruism, sportsmanship, organizational loyalty, courtesy, organizational compliance, individual initiative, civic virtue, and self-development to gain a competitive advantage. Second, many organizations are using flexible teams to get things done, instead of using traditional organizational structures of hierarchies and departmentations. OCB is of particular importance in teamwork because it creates a positive work environment, helping and supporting team members, and accommodating each other’s styles.

As an example, consider the District of Columbia Government, which is the largest municipal government agency in the United States. The workforce of the DC government covers a wide range of professions from social workers, civil engineers, law enforcement officers, to political appointees. All DC government employees are evaluated on five criteria: (1) communication, (2) customer service, (3) goal attainment, (4) accountability, and (5) job knowledge (Department of Human Resources, District of Columbia Government, 2010). While
the last three criteria are task-oriented, communication and customer service are OCBs. For instance, the communication criterion describes behaviors such as “sharing information with and informing others on a timely basis,” which can be identified as courtesy; and the customer service competency embraces behaviors such as “consistent and continual adherence to all prescribed District customer service goals and standards,” which is an example of the organizational compliance dimension of OCB.

**Performance Management Universal Principle #4: Inclusiveness**

**Universal Principle**

A good performance management system is inclusive. For the purpose of our discussion about performance management universals, inclusiveness includes the following two dimensions. First, it means that when the performance management system is created or updated, multiple stakeholder groups should be consulted to determine what results and behaviors will be measured and how. Employees are more likely to accept procedures and yardsticks if they were involved in their creation and are fully aware of the various aspects and details of the system (Taormina & Gao, 2009). Second, when evaluating performance, input should be collected from multiple stakeholder sources, including a diverse range of employee backgrounds. So, regardless of context, inclusiveness makes performance management systems more effective, and therefore it is a universal performance management principle.

**Universal Principle Adaptability**

As contexts change, so should the various ways of adapting the inclusiveness principle. For example, in cultures with higher levels of power distance, it is typically not appropriate for subordinates, younger colleagues, or employees at lower hierarchical positions to provide performance appraisals for supervisors or older coworkers (Aguinis, Joo, & Gottfredson, 2012).

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Next, we discuss recommendations for the successful adaptability of the inclusiveness universal principle.

**Recommendations for Achieving Inclusiveness**

Our first recommendation is to implement a 360-degree system. But, given that collecting performance data from multiple sources can be very time consuming, Aguinis and Burgi-Tian (2021a) proposed the *Performance Promoter Score* (PPS) as a simple yet powerful way to assess employee performance by including multiple sources and therefore achieve inclusiveness.

Extrapolating from the well-established Net Promoter Score in marketing, PPS first includes asking the following question: (1) On a scale of 1-10, how likely is it that you will recommend working with [name of individual, team or organization] to a friend or colleague? Then, PPS involves asking the two follow-up questions to solicit qualitative comments: (2) Why did you provide the rating that you provided? and (3) What would it take to raise the score by just one point?

The Performance Promoter Score enhances inclusiveness, especially in a global context (Aguinis & Burgi-Tian, 2021a). First, PPS is standardized. In a large organization with many functional units, geographic locations and employees with many nationalities, PPS allows raters to evaluate the performance of ratees using the same criteria, which makes cross-functional and cross-level comparisons possible. It includes easy-to-understand questions that do not have many interpretations and the possibility of misunderstanding is minimal. Second, it is flexible, and does not get caught up in the technical details of any job or the specific key performance indicators. So, PPS can be used across jobs and business and functional units. Third, it is practical and convenient. Unlike a lengthy, detailed performance appraisal form, PPS takes a limited amount of time to rate and complete, affording managers and employees valuable time to
be dedicated to other tasks. Data can also be collected using freely available tools such as SurveyMonkey, KwikSurveys or Google Forms, without requiring organizations to invest additional resources on infrastructure. Lastly, PPS is comprehensive, which measures not only task performance, but also contextual performance, thereby also contributing to the principle of performance evaluation thoroughness discussed earlier. In other words, for colleagues to recommend someone to others, the ratee not only needs to be competent in their tasks, but also demonstrate organizational citizenship behaviors such as willingness to help others, high levels of professionalism, and compliance with rules and norms.

**Performance Management Universal Principle #5: Effective Feedback**

**Universal Principle**

A good performance management system includes effective feedback. Performance feedback can be defined as “information about an employee’s past behaviors with respect to established standards of employee behaviors and results” (Aguinis, Gottfredson, & Joo, 2012, p. 105). Performance feedback helps improve confidence and self-efficacy, develop expertise, and it also enhances employee engagement. Unfortunately, many managers often find it uncomfortable to deliver performance feedback, especially negative feedback. Moreover, poorly delivered performance feedback only decreases employees’ engagement, satisfaction, and motivation, but also damages organizational performance and effectiveness. For example, Kluger and DeNisi (1996) meta-analyzed 131 research studies on the impact of feedback on performance and concluded that 38% of feedback programs reviewed had negative effects on performance instead of a positive one. Overall, regardless of context, good feedback makes performance management systems more effective, and therefore it is a universal performance management principle.
Universal Principle Adaptability

To be effective, feedback needs to be adapted to different contexts. For example, in cultures higher in collectivism, it is important to avoid using confrontational and blunt language during performance feedback sessions and feedback can be delivered to groups instead of individuals.

Recommendations for Delivering Effective Feedback

A recommendation for delivering effective feedback regardless of context is to use a strength-based approach (Aguinis, Gottfredson, & Joo, 2012). Traditionally, managers usually adopt a weakness-based approach to providing performance feedback to employees. In using this approach, the assumption is that employees are not aware of their weaknesses and, therefore, discussing weaknesses will motivate them to perform better. However, there are many unintended negative consequences associated with providing weakness-based performance feedback. For example, it often leads to employee dissatisfaction, defensive reactions, lower desire for improvements, and less actual development in performance. Also, managers who focus on weaknesses in providing performance feedback are more likely to have a more negative perception of and attitudes towards the employees receiving the feedback (Gardner & Schermerhorn, 2004), and employees are less likely to receive and accept such feedback.

In implementing the strength-based approach to feedback, managers first identify their employees’ strengths and also provide positive feedback on what the employees are doing well. In addition, managers ask employees to continue reinforcing their strengths to maintain high levels of performance. More specifically, the strength-based approach requires a conscious effort to stay positive and focus on strength areas rather than slipping into a negative, weakness-based feedback approach.
Concluding Remarks

Performance management is a core talent management function in organizations around the world (Varma & Budhwar, 2020). But, globalization and the COVID-19 (post) pandemic pose a challenge to the fundamental principle of standardization, which is closely linked to fairness. Our article provides solutions for addressing the seemingly inescapable dilemma to simultaneously achieve standardization (i.e., use similar practices) and adaptation (i.e., use practices that are adapted to specific contexts). We described five performance management universal principles, how they can be adapted, and recommendations for their effective implementation. We hope our article will help organizations manage their talent to secure a sustainable competitive advantage and help individuals have healthier as well as more fulfilling jobs and careers.
References


**Table I**

Performance Management: Universal Principles, their Adaptability Around the World, and Recommendations for Successful Implementation

<table>
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<tr>
<th>Universal Principle</th>
<th>Adaptability</th>
<th>Recommendations for Achieving Successful Implementation</th>
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