

Country-Specific Profiles of Performance Management in China, Germany, and the United States—An Empirical Test

By

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The vast majority of the literature on performance management (PM) chooses a contextual perspective, focusing on the cross-country comparison of single elements of the PM system. Simultaneously, a conceptual basis and an encompassing comprehension of country-specific peculiarities are lacking. Based on a suggested conceptualization of the elements of PM (criteria, actors, methods, purposes, feedback) and hypotheses developed from an encompassing literature review, the authors present empirical findings from a quantitative study including 167 managers from multinational enterprise (MNE) subsidiaries in three culturally and institutionally diverse major economies (Germany, United States, and China). Contrary to what the literature suggests about the local peculiarities of PM, the results of the present study show significant country-specific differences in only 6 out of 16

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investigated PM features. Furthermore, the analytical categorization of “Western” countries versus China cannot be empirically confirmed. In contrast, more similarities between China and Germany than between Germany and the United States are identified. © 2014 Wiley Periodicals, Inc.

Introduction

In light of today's globalized world economy, many MNEs standardize their management processes in order to meet the requirements of the increasing need for cross-national coordination and interaction. However, country-specific contexts often represent challenges to the ambitions of standardization. This is especially true for the human resource management (HRM) function, which is strongly embedded in the cultural and institutional environment of a specific country (Dowling, Festing, & Engle, 2013). Consequently, many research contributions focus on the comparison of HRM practices across countries and on respective requirements for local adaptation (Brewster & Mayrhofer, 2011; Budhwar & Sparrow, 2002).

A very important pillar within HRM is performance management (PM), because it ties together organizational and individual performance by adjusting respective objectives and designing appropriate evaluation and reward systems across business units and national boundaries. For PM in the international setting of MNEs, several questions arise with respect to country-specific peculiarities on the one hand and standardized solutions on the other. In this

context, the term *global performance management* (GPM) is used, covering the challenges between localization and standardization. Cascio emphasizes these challenges researchers face when it comes to GPM: “There is much to learn in this evolving area, and it promises to challenge researchers for years to come” (2012, p. 2). It is important to note that both the literature on standardized solutions in PM as well as those contributions delivering country-specific characteristics in PM provide valuable insights into the ongoing discussion on GPM.

Several scholars have already started to shed some light on this evolving area (C. Bailey & Fletcher, 2008; Björkman, Barner-Rasmussen, Ehrnrooth, & Mäkelä, 2009; Claus & Briscoe, 2008; Claus & Hand, 2009; Engle, Dowling, & Festing, 2008; Festing & Barzantny, 2008; Varma, Budhwar, & DeNisi, 2008). However, to date, research on GPM has concentrated mostly on identifying country-specific differences concerning single PM system elements such as evaluation criteria for the purposes associated with employee performance evaluations (Amba-Rao, Petrick, Gupta, & Von der Embse, 2000; Milliman, Nason, Zhu, & De Cieri, 2002; Shadur, Rodwell, & Bamber, 1995). Often, this kind of research is characterized by a normative orientation (McKenna, Richardson, & Manroop, 2011). However, systematic empirical investigations into PM systems, providing strong empirical evidence, are scarce (Cascio, 2012; Claus & Briscoe, 2008; Engle et al., 2008).

This article addresses this research deficit and focuses on the extent to which PM practices are country specific. Based on the conceptualization of PM and country-specific profiles suggested by Festing, Knappert, Dowling, and Engle (2012), the local particularities of PM are systematically investigated. Hypotheses on a within-country level as well as a between-country level concerning China, the United States, and Germany are developed. Major contributions of this article include (1) culturally equivalent scales measuring contextual similarities and differences in PM systems; (b) empirical findings concerning differences between the three countries of investigation; and (c) the respective country-specific shapes of PM systems (i.e., country-specific profiles of PM). Future research would benefit from the conceptual and methodological bases laid out in this paper when analyzing further country specificities in PM. For MNEs, the results of this study provide first indications about the importance

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of local particularities in PM that may be considered when rethinking performance management on a global level. These possible benefits will be discussed further in the concluding part of this article.

The United States, Germany, and China have been selected as relevant countries of investigation because their relevance for the world's economy is extraordinarily high due to their important foreign direct investments, gross domestic products, and the number of potential consumers (Kutschker & Schmid, 2011; World Trade Organization, 2010). Moreover, the cultural (House, Hanges, Javidan, Dorfman, & Gupta, 2004; Ronen & Shenkar, 1985) and institutional distances (Björkman & Lu, 1999; Zhou & Martocchio, 2001) among these three countries are spread to the utmost limits.

The remainder of this article is organized as follows. First, PM is discussed from a contextual perspective and possible localization drivers are considered. Then the authors identify country-specific elements of PM in China, the United States, and Germany and develop respective hypotheses. A description of the methodology and the results of the empirical investigation follow. A discussion and a conclusion, including managerial implications as well as avenues for future research, complete the article.

Performance Management From a Contextual Perspective

PM is an important and widely recognized HRM practice that is used in many companies. Lindholm (2000, p. 45)

describes the key elements of performance management, naming performance appraisal as the central element, accompanied by "... the communication of company strategy through individual objective setting, links to training and development planning, and possibly compensation." Completing the picture, other scholars list purposes and criteria, certain measures, and appraisal methods, as well as the role of actors and feedback communication as the characterizing features of performance management systems (C. Bailey & Fletcher, 2008; Nankervis & Compton, 2006; Woods, 2003). This article uses the term *performance management* in line with this broad approach, interpreting it as "an extension of performance appraisal" (Lindholm, 2000, p. 45).

According to Festing et al. (2012), five main features of PM for consideration in this context include performance evaluation criteria, actors' roles during an appraisal, applied methods, interventions and purposes of the system, and feedback communication. The specific shape and interplay of these various elements form the PM system applied in an MNE or in certain parts of the company. The perspective pursued in this article follows the contextual paradigm used in comparative HRM research (see, for example, Brewster, 1999). Our analysis draws mainly on the consideration of cultural and institutional factors, as it is acknowledged that both perspectives need to be considered when analyzing the country-specific orientation of performance management (Farndale, 2010; Milliman, Nason, et al., 2002).

Culture is often described as "software of the mind" (Hofstede, 1991, p. 4), which is shared by persons belonging to the same societal group or nationality. Our literature review revealed that certain cultural dimensions dominate the discussion on culture-specific variance in performance management systems. The five most applied dimensions are collectivism (e.g., Brutus et al., 2006; Feng, Foster, & Heling, 2005); power distance (e.g., Claus & Hand, 2009; Fey, Morgulis-Yakushev, Hyeon Jeong, & Björkman, 2009); uncertainty avoidance (e.g., Amba-Rao et al., 2000; Mendonca & Kanungo, 1994), as defined by Hofstede (1991) and the Global Leadership and Organizational Behavior Effectiveness Research Program (GLOBE) (House et al., 2004); high and low context orientation (e.g., Engle et al., 2008; Ployhart, Wiechmann, Schmitt, Sacco, & Rogg, 2003), as defined by Hall (1976); and *mianzi*, which emphasizes the importance of saving face (e.g., Björkman & Lu, 1999; Leung & Kwong, 2003). Though the cultural dimension of performance orientation seems to be linked strongly to performance management, only five of the reviewed articles refer to that dimension when explaining variance in performance management (e.g., Vallance, 1999).

When institutions are discussed as important contextual influences on HRM, researchers often point to the examples of the political economy, trade unions, or the legislative system (Kostova & Roth, 2002; Whitley, 1992). With respect to performance management, some find that economic policies (e.g., Farndale, Brewster, & Poutsma, 2008; Ohemeng, 2009) act as one of the main institutional forces accounting for country-specific variance, e.g., the possibility of 100% foreign-owned direct investments corresponds to a growing transfer of HRM practices and consequently the pursuit of ethnocentric performance management systems. Moreover, legal aspects (C. Bailey & Fletcher, 2008; Festing & Barzantny, 2008) and the representation of trade unions and work councils (e.g. Farndale, 2010; Giardini, Kabst, & Müller-Camen, 2005) are found to have an impact on PM.

Both the cultural and institutional influences are assumed to impact performance management and to shape country-specific practices. However, from the literature analysis it becomes clear that cultural influences are ascribed far more importance compared to institutional explanations. While the importance of the latter is clearly acknowledged by the literature, conceptual and empirical knowledge of country-specific institutions and their impact on PM is still limited. Especially when the Chinese context is described, the crucial impact of the traditional cultural values *mianzi* (saving face) and *guanxi* (networks and relationships) is central for most explanations. Hence, since we develop our hypotheses from an in-depth literature review, we partly have to echo this imbalance when analyzing each PM element and its contextual influences in the following.

In addition, other crucial contextual factors for HRM, such as the industrial sector and the business environment (Budhwar & Sparrow, 2002), have been largely neglected in current PM research. While not all contextual factors can be addressed in this study, this short discussion nevertheless underlines the necessity of a contextual perspective in PM research.

Country-Specific Characteristics of PM Elements—The Cases of China, Germany, and the United States

As stated in the introduction, the three countries of investigation were chosen due to their economic strength and important institutional (Björkman & Lu, 1999; Smale, 2008; Zhou & Martocchio, 2001) and cultural (House et al., 2004; Ronen & Shenkar, 1985) distances. Referring to the previously mentioned literature review, for each

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country we outline key characteristics of the PM system, and then indicate which cultural or institutional explanations the literature provides. The objective is to summarize systematically existing knowledge in order to derive testable hypotheses.

Country Specificity of the Evaluation Criteria

According to Engle et al. (2008, pp. 159–160), *performance evaluation criteria* are categorized through input, process, and output criteria. While the latter refer to observable productivity and results, input criteria describe personal qualities such as expertise and access to networks. Process criteria contain all aspects of “performance as a work-in-progress” (Engle et al., 2008, p. 160), such as teamwork or the empowerment of others.

According to prior research, the value of *guanxi* in China has been proven to have a great impact on the use of performance evaluation criteria. Studying performance management in the Chinese coal industry, Bai and Bennington (2005) identified personal relationships as the most important criterion. Björkman and Lu’s results confirm this notion and moreover differentiate between this traditional Chinese criterion and the criteria of “Western” firms, since the latter focus more on results and thus on output (Björkman & Lu, 1999, p. 322). Arguing similarly, Schneider and Barsoux (2003, p. 163) state that while in “Asian firms, people are more likely to be judged on their integrity, loyalty and cooperative spirit,” firms based in the USA follow the rule “what counts is results, not personality.” As Varma and Budhwar (2011) sum up, performance management criteria in the United States are characterized by “a very strong focus on results” (p. 453), while with respect to Chinese criteria “a strong

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emphasis on traits and behaviours” (p. 454) is stated. We expect the relevance of output-oriented results in all three countries to be high, whereas due to the high relevance of *guanxi* and collectivism we also assume a high importance of network- and teamwork-oriented criteria in China particularly. Conversely, taking the high performance orientation and legal situation of the United States into account, where equality and valuing diverse backgrounds is crucial, we expect a low relevance of all input-oriented criteria. Besides the high relevance of output-oriented criteria, we also assume teamwork-oriented criteria to be highly important in this context, since the ability to work in a team became popular as a significant competitive advantage in 1980s United States (Pudelko & Mendenhall, 2009).

In the performance management in Germany literature, we also find the dominance of output-oriented evaluation criteria (Festing & Barzantny, 2008; Lindholm, 2000; Schneider & Barsoux, 2003), which can at least partly be explained by Germany’s high score¹ on performance orientation, as displayed in the GLOBE study (Global Leadership and Organizational Behavior Effectiveness Research Program)—a value of more than 6 on a 7-point scale (Javidan, House, & Dorfman, 2004). Performance orientation is defined as “the extent to which a community encourages and rewards innovation, high standards, and performance improvement” (Javidan,

2004, p. 239). According to Javidan (2004, p. 245), societies that score higher on performance orientation tend to “emphasize results more than people [...], have performance appraisal systems that emphasize achieving results [...], value what you do more than who you are.” Furthermore, with respect to national educational institutions, a strong “tradition to invest in training and professional development of employees in Germany” (Festing & Barzantny, 2008, p. 220; see also Festing, 2012) can be observed. Hence, we assume that expertise-oriented criteria also play an important role for assessment in Germany. This leads to the following hypotheses:

Hypothesis 1a: *Performance evaluation criteria used in China are primarily network and output oriented.*

Hypothesis 1b: *Performance evaluation criteria used in the United States are primarily teamwork and output oriented.*

Hypothesis 1c: *Performance evaluation criteria used in Germany are primarily expertise and output oriented.*

Hypothesis 1d: *The three countries do not differ significantly in terms of the high relevance of output-oriented criteria.*

Country Specificity of Actors’ Roles in PM

The *roles of actors* describe who is assessing whom during the appraisal. Assessments via a one-to-one interview conducted by a supervisor or peers are reported to be commonplace (C. Bailey & Fletcher, 2008; Ferris & Treadway, 2007; Leung & Kwong, 2003; Ployhart et al., 2003). In addition, the employee him-/herself, other superiors, peers, subordinates, and customers can assess the ratee (J. R. Bailey, Chen, & Sheng-Gong, 1997; Björkman & Lu, 1999), while PM systems also differ with respect to the type of ratee. Consequently, we differentiate between various actors’ roles in the performance appraisal process:

- The rater can be oneself, a superior, peers, subordinates, or clients.
- The ratee may include individuals or groups.

Some scholars (Bai & Bennington, 2005) have found that Chinese performance appraisals rely mainly on the supervisor’s appraisal, which is not a surprise considering China’s relatively high score on power distance (Carl, Gupta, & Javidan, 2004). The same score leads to the assumption that appraisals by subordinates are rare in China. Moreover, due to the high importance of saving face in the country, we expect a low relevance of assessments by clients and peers (Cooke, 2008).

At the same time, because of high collectivism in China, the appraisal is supposed to focus more on the

team than on individual performance (concerning Hong Kong, see Entrekin & Chung, 2001; Zhou & Martocchio, 2001). However, we expect individual performance to be of high relevance, too, in China. The country-specific peculiarities of actors' roles in PM systems in China are suggested in the following hypotheses:

Hypothesis 2a: *In China, performance evaluation is carried out primarily by the superior.*

Hypothesis 2b: *In China, appraisals by clients, subordinates, peers, and the assessed him-/herself (360-degree feedback) are of low relevance.*

Hypothesis 2c: *In China, the importance of group- and individual-focused appraisals is equally high.*

For the United States and Germany, the literature suggests that the performance management process is characterized by a one-to-one appraisal, in which the superior assesses the employee. In addition, there is evidence in the United States for a strong use of 360-degree feedback, which is not surprising, since this type of performance appraisal was originally developed in this region of the world (Hedge, Borman, & Birkeland, 2001). According to Lindholm (2000) and Festing and Barzantny (2008), participants in German appraisal situations prefer and expect a one-to-one relationship, without other actors being involved.

Hypothesis 2d: *In the United States, performance evaluation is carried out primarily by the superior.*

Hypothesis 2e: *In the United States, performance evaluation by the assessed him-/herself, clients, subordinates, and peers (360-degree feedback) is of high relevance.*

Hypothesis 2f: *In the United States, appraisals are primarily individual focused.*

Hypothesis 2g: *In Germany, performance evaluation is carried out primarily by the superior.*

Hypothesis 2h: *In Germany, an appraisal by an assessed him-/herself, subordinates, peers, and clients (360-degree feedback) is of low relevance.*

Hypothesis 2i: *In Germany, appraisals are primarily individual focused.*

Though we assume differences among the three countries, we do not postulate a particular hypothesis on a between-country level, due to the variety of the actors and the lack of comparative propositions in the previous literature.

Country Specificity of the Purposes of PM

The *purposes* of performance management are reflected in the consequences that are expected to result from the performance appraisal. These include, for example, compensation, promotion, development, relationship building, and motivation (Milliman, Nason, et al., 2002; Paik, Vance, & Stage, 2000; Vance, McClaine, Boje, & Stage, 1992; Von Glinow, Drost, & Teagarden, 2002). By pursuing these purposes, MNEs support the link between individual objectives and the global goals of the MNE.

Zhou & Martocchio (2001) found in their comparison of US-American and Chinese compensation award decisions that employee performance assessment determines compensation in both countries. As far as China is concerned, this link was also supported by Shen (2004), who found appraisals' consequences for compensation to be the most important aspect within Chinese MNEs. In line with Milliman, Nason, et al. (2002), who discuss the strong position of unions in Canada and Australia and the related high relevance of pay purposes in these countries, we assume similar consequences for the German context, where unions also have an important role. Hence, compensation is seen as a highly relevant purpose of performance management in China, the United States, and Germany.

Furthermore, Milliman, Nason, et al. (2002) concurrently identified social recognition of the employee as an even higher purpose of Chinese performance management, while developmental purposes do not seem to play a vital role in the Chinese context.

Hypothesis 3a: *The major purposes of PM in China include compensation and relationship building.*

Hypothesis 3b: *The purposes of PM in China are rarely development oriented.*

When investigating the various drivers of performance management dependent on the national context, Milliman, Nason, et al. (2002) discuss that a high score on individualism, such as in the United States, is positively related to the purposes of promotion and compensation. Simultaneously, such a high individualism score (see also Hofstede, 2009) can also imply that relation-oriented purposes are neglected. We therefore assume a highly relevant promotion purpose and no relevance of relation-oriented PM purposes in the United States.

Hypothesis 3c: *The major purposes of PM in the United States include compensation and promotion.*

Hypothesis 3d: *The purposes of PM in the United States are rarely relation oriented.*

Due to the lower level of individualism in Germany (Hofstede, 2009; House et al., 2004), expected preferences are different. However, Festing and Barzantny (2008, p. 219) add that "... investment in training based on performance appraisal results especially seems to differentiate Germany from other countries, such as the United States, where often up-or-out systems are favored." Therefore, we conclude that long-term, intra-organizational developmental purposes are more frequently applied in Germany than in the United States (Cascio & Bailey, 1995). This, of course, is related to compensation purposes.

Hypothesis 3e: *The major purposes of PM in Germany include development and compensation.*

Again, though we assume differences on a between-countries level, we do not propose specific hypotheses with respect to the complexity of the purposes and lack of comparative evidence in the previous literature.

Country Specificity of the Implicitness of Methods in PM

By *appraisal methods* we mean measures supporting the planning, realization, and evaluation of the performance management process. According to Engle et al. (2008), these methods can be analyzed by the extent of their explicitness. Written and formalized guidelines that help implement the assessment or rules for interpreting the results of the appraisal are explicit performance management methods, while those performance management systems without such explicit methods assume that guidelines and rules are known implicitly by all participants.

Festing and Barzantny (2008, p. 218) assume the "highly regulated work environment in Germany" to be one artifact related to the cultural dimension of uncertainty avoidance. Concerning the precise rules inherent in performance management, the authors conclude that "the system is close to being over-regulated," which indicates the strong explicitness of German performance management methods (see also Lindholm, 2000, p. 58). Similarly, according to Vance et al. (1992, see also Cascio & Bailey, 1995), performance management methods used in the United States also follow clear rules, written and formalized documentation, and standardized behavior. As described above, the reasons for this phenomenon may refer to the legal situation in the United States. Apparently, the contrary seems to be the case for China, since performance management methods applied here are described as highly implicit and neither open nor transparent to employees (e.g., Cooke, 2008).

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Hypothesis 4a: *PM methods in China are primarily implicit.*

Hypothesis 4b: *PM methods in the USA are primarily explicit.*

Hypothesis 4c: *PM methods in Germany are primarily explicit.*

Hypothesis 4d: *In Germany and the USA, PM methods are more explicit than in China.*

Country Specificity of Feedback Communication Procedures in PM

Finally, *feedback communication* is a crucial feature of performance management. Differing communication styles, including the involvement of the assessed employee (Festing & Barzantny, 2008, p. 218; Lindholm, 2000, p. 58) and the level of participation (Milliman, Taylor, & Czaplewski, 2002, p. 36), are supposed to shape variations in feedback communication. Reviewing the literature concerning feedback communication within performance management, three cultural dimensions are applied for explaining this variety, namely power distance, performance orientation, and high- and low-context orientations

(Aycan, 2005; Festing & Barzantny, 2008; Fletcher & Perry, 2001; Lindholm, 2000; Mendonca & Kanungo, 1996; Milliman et al., 1998; Milliman, Taylor, et al., 2002).

Considering feedback in the German context, Festing and Barzantny conclude that “differentiated, open, direct and fair feedback is very much appreciated by the individuals in the German context” (2008, p. 221). On the contrary, “performance appraisal in Chinese MNCs is less transparent than in Western MNCs and is short of feedback and communication” (Shen, 2004, p. 559). Moreover, the high power distance in China leads to less participation and involvement of the assessed employees (e.g., Entrekin & Chung, 2001), whereas exactly the opposite applies to the USA, where highly interactive communication takes place during feedback interviews and “the participation from employees’ parts has been institutionalized” (Feng et al., 2005, p. 19).

Hypothesis 5a: *Performance appraisal in China is characterized by a low degree of feedback communication.*

Hypothesis 5b: *Performance appraisal in the United States is characterized by a high degree of feedback communication.*

Hypothesis 5c: *Performance appraisal in Germany is characterized by a high degree of feedback communication.*

Hypothesis 5d: *The degree of feedback communication in Germany and the United States is higher than in China.*

The methods developed in order to measure PM systems in various countries and to test these hypotheses are described in the following.

Methods

In order to develop a measurement that captures the specificities of a PM system, we differentiated between the previously described elements of the system according to the degree of their latency. In line with guidelines set out by Fuchs and Diamantopoulos (2009), we measured several PM elements directly and on a single-item level (various actors, purposes, and criteria), while for the more latent variables (the explicitness of applied methods and feedback communication) more than one item is needed to measure the construct. With respect to the latter, scale development was conducted in accordance with the stages and techniques suggested by DeVellis (1991) and Hinkin (1995). To identify all relevant PM elements, an extensive literature review and preliminary interviews with managers were conducted, before the developed items and scales were assessed in a pretest study, which is described in the following section.

Item Generation and Scale Development

Due to the cross-country context of our study, our measurement instrument had to fulfill the requirements of equivalence (Byrne & van de Vijver, 2010). While several statistical procedures can help to assess and enhance the equivalence of data after measurement, several remedies against cross-cultural biases are also necessary during the item development process. Following the suggestions made by Hinkin (1995), we combined deductive and inductive approaches for item generation. With respect to the inductive process, the experiences and suggestions made by human resource managers from MNEs were included. These interview partners and their companies had various cultural origins (e.g., France, the United States, Japan, and China), so this approach helped us to enhance equivalence from the outset. The deductive approach required a literature review, which allowed us to develop several items referring to previous work (by Armstrong & Baron, 2005; Aycan, 2005; Engle et al., 2008; Lindholm, 2000; Milliman, Nason, et al., 2002; Shen, 2004). Finally, to check for interrater consistency, we asked US-American, German, and French scholars to review these first items.

As a result, 33 items covering the elements of PM systems in practice were developed, as well as nine items targeting relevant demographic data. All items were rated on a 7-point Likert scale and developed in English. Since the target sample was MNE middle management, familiarity with negotiations and daily conversations in English could be assumed.

For the pretest, a link to the online questionnaire was sent via email to the alumni of a European business school. With a total sample size of 240, the majority of the pretest participants identified either with the German ($N = 113$) or with the French culture ($N = 73$). We acknowledge that this sample does not reflect the choice of countries we targeted in the main survey (China, Germany, and the United States), and the group-level sample sizes were small, especially when taking the sample-to-variable ratio into account (which was lower than 3:1). Moreover, for more sophisticated methods in evaluating cross-cultural equivalence, for example structural equation modeling, the group size should have been $N > 100$ (referring to Byrne & van de Vijver, 2010; Hox & Maas, 2001), which was not the case in our sample. However, the pretest sample—although chosen according to reasons of practicability—nevertheless included international background, so that the data at least provided a basis for a first indication of cross-cultural equivalence (Harkness, van de Vijver, & Johnson, 2003) and the main study did not provide any indicators for nonequivalence.

The response rate in the pretest was 6.9%, and 38% of the participants were female.

Since the operationalization of actors, purposes, and criteria was designed on a single-item level from the very beginning, no latent construct had to be validated in this instance. However, the pretest data and some comments by participants led to minor adaptations and exchanges of single items. In order to refine the scales measuring latent constructs (explicit methods and feedback communication), and to assess their intercultural equivalence, explorative factor analyses (principal components with varimax rotation) were conducted for the whole sample as well as for each country (Byrne & van de Vijver, 2010; Hinkin, 1995). As a result, six items had to be deleted due to their low (<0.50) or contradictory factor loadings. Finally, conforming factor structures and acceptable reliabilities (Cronbach's alpha values) between 0.72 and 0.93 (DeVellis, 1991) were found for the whole sample as well as for the German and French groups, supporting the conceptual equivalence of the scales measuring the explicitness of methods and the way feedback is provided (Byrne & van de Vijver, 2010).

Measures in the Main Study

The final survey included 36 items, out of which 27 items covered PM systems in practice and nine items recorded demographic data (see Appendix A for scales, items, and respective sources). Besides managers' locations as the major independent variable, their age, gender, time spent at the respective location, international experience, and department affiliation were included in the analyses as control variables. Similar to the results of the pretest, most scales showed acceptable Cronbach's alpha values between 0.85 and 0.87 for the whole sample (DeVellis, 1991). In terms of equivalence, the reliabilities of the country-specific samples were also acceptable, with Cronbach's alpha values between 0.76 and 0.88. In order to evaluate construct validity, a confirmatory factor analysis was applied, showing satisfactory loadings for most items (>0.60). This was not the case for items covering the explicitness of methods, whose factor loadings were partly between 0.30 and 0.40. However, referring to other scholars, and due to the conceptual relevance of this scale, we decided to maintain these questions (Hinkin, 1995).

Sample of the Main Study

In order to control influences on the organizational level, for example effects by industry sector or organizational culture, our questionnaire was distributed within one MNE. Interviews with respective HR managers in the three countries and in the (French) headquarters clearly confirmed

Besides managers' locations as the major independent variable, their age, gender, time spent at the respective location, international experience, and department affiliation were included in the analyses as control variables.

the local approach taken by the company with respect to its performance management. This was a precondition for choosing this company in order to exclude definitely any confounding effects caused by standardization efforts. Furthermore, the organizational units in the three countries were comparable in terms of numbers of employees (between 4,400 and 5,900, respectively), business volume, and functions in the value chain (mainly marketing and sales as well as production). The first German subsidiary was established during the 1950s; however, the company acquired large parts of the energy sector in the former German Democratic Republic (GDR) following German reunification during the 1990s. In China and the United States, the company entered its respective market via joint ventures and acquisitions during the 1970s and 1980s. The interviewed managers described all subsidiaries as strategically highly relevant for the organization, while all parts of the group share a strategic focus on renewable energies. This comparability between the investigated units reduces the number of alternative explanations for similarities and differences between data. However, despite our efforts to ensure comparability, factors such as the business environment in the respective context cannot be controlled and remain potentially influential (Budhwar & Sparrow, 2002).

In order to avoid bias (e.g., social desirability bias), several procedural remedies were applied (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The respondents'

anonymity was assured and they were informed that no right or wrong answers existed in the questionnaire. Only the authors of the study (and no member of the organization) had access to the data, and the strict scientific purpose of the survey was pointed out.

According to our hypotheses, subsidiaries in China, Germany, and the United States—and therefore three different cultural clusters (for details see House et al., 2004)—were included in our survey. An online questionnaire was sent via email by respective human resource departments to middle managers in the company. Middle managers were chosen because they are familiar with both assessing others and being assessed. Finally, the responses of 167 managers (49 from the Chinese sites, 44 from the German sites, and 74 from the US sites) could

be included in the analysis, corresponding to a response rate of 41% (variation across the three countries was between 36 and 49%). Most of the participants worked in finance, human resources, engineering, or production functions. Their mean age was 45 years, and 39% were female. For descriptive statistics and correlations, see Appendix B. The following section describes the steps in the analysis as well as its findings.

Data Analysis and Results

In order to identify the patterns within and differences between the countries, several *t*-tests as well as a multivariate analysis of variance (MANOVA) were conducted. Table 1 provides within-country analyses showing the

TABLE 1 T-Test^a (for dependent samples): Country-Specific Means, Standard Deviations, and *t*-values of Criteria, Actors, and Purposes of Performance Management in China, Germany, and the United States

PM Element		China		Germany		United States	
		<i>M</i> (SD)	<i>T</i>	<i>M</i> (SD)	<i>T</i>	<i>M</i> (SD)	<i>T</i>
Criteria	Expertise-Criteria	2.88 (1.22)	2.54*	2.70 (1.15)	0.71	2.91 (1.45)	1.62
	Output-Criteria	2.51 (1.43)		2.52 (1.42)		2.64 (1.38)	
	Expertise-Criteria	2.88 (1.22)	0.94	2.70 (1.15)	-0.81	2.91 (1.45)	2.70**
	Teamwork-Criteria	2.71 (1.31)		2.89 (1.39)		2.51 (1.46)	
	Teamwork-Criteria	2.71 (1.31)	0.90	2.89 (1.39)	1.46	2.51 (1.46)	-0.65
	Output-Criteria	2.51 (1.43)		2.52 (1.42)		2.64 (1.38)	
Actors	Supervisor	2.04 (1.08)	-7.33***	2.18 (1.33)	-5.72***	1.77 (1.00)	-16.64***
	Others	3.91 (1.29)		3.60 (1.40)		4.80 (1.14)	
	Supervisor	2.04 (1.08)	4.62***	2.18 (1.33)	3.50**	1.77 (1.00)	9.22***
	Self	3.29 (1.61)		3.09 (1.34)		3.77 (1.44)	
	Individual-Focus	2.31 (1.36)	-2.13*	2.39 (1.26)	-1.38	1.97 (1.15)	-7.41***
	Group-Focus	2.94 (1.68)		2.68 (1.48)		3.34 (1.62)	
Purposes	Salary	2.96 (1.50)	-0.98	3.86 (1.70)	-3.38**	2.30 (1.38)	6.20***
	Relation	3.22 (1.65)		2.80 (1.23)		3.74 (1.69)	
	Relation	2.96 (1.50)	-0.25	2.80 (1.23)	-0.24	3.74 (1.69)	3.14**
	Development	3.02 (1.50)		2.84 (1.08)		3.22 (1.73)	
	Salary	3.22 (1.65)	-0.86	3.86 (1.70)	-3.89***	2.30 (1.38)	4.05***
	Development	3.02 (1.50)		2.84 (1.08)		3.22 (1.73)	
	Development	3.02 (1.50)	-1.10	2.84 (1.08)	-0.77	3.22 (1.73)	1.99
	Promotion	3.24 (1.51)		3.02 (1.29)		2.72 (1.56)	
	Relation	2.96 (1.50)	-1.06	2.80 (1.23)	-1.14	3.74 (1.69)	4.42***
	Promotion	3.24 (1.51)		3.02 (1.29)		2.72 (1.56)	
	Salary	3.22 (1.65)	-0.10	3.86 (1.70)	2.79**	2.30 (1.38)	-2.38*
	Promotion	3.24 (1.51)		3.02 (1.29)		2.72 (1.56)	

^aTwo-tailed tests; **p* < 0.05, ***p* < 0.01, ****p* < 0.001.

TABLE 2 MANOVA^a: Country-Specific Means, Standard Deviations, and Differences of PM Practices Among China (PRC), Germany (GER), and the United States

PM Category	Element	China <i>M^b</i> (SD)	Germany <i>M^b</i> (SD)	United States <i>M^b</i> (SD)	<i>F^c</i>	<i>p</i>	Differences Higher Relevancies ^d
Criteria	Network	3.59 (1.63)	2.77 (1.29)	3.74 (1.67)	4.53	0.012	Germany > USA
	Empowerment	3.29 (1.21)	3.20 (1.23)	3.53 (1.53)	2.27	0.197	
	Expertise	2.88 (1.22)	2.70 (1.15)	2.91 (1.45)	1.26	0.288	
	Teamwork	2.71 (1.31)	2.89 (1.39)	2.51 (1.46)	0.90	0.411	
	Output	2.51 (1.43)	2.52 (1.42)	2.64 (1.38)	1.62	0.202	
Actors	Self	3.29 (1.61)	3.09 (1.34)	3.77 (1.44)	2.08	0.129	
	Supervisor	2.04 (1.08)	2.18 (1.33)	1.77 (1.00)	0.94	0.394	
	Subordinates	4.20 (1.68)	4.02 (1.69)	5.51 (1.36)	14.85	0.000	Germany, China > USA
	Peers	4.02 (1.63)	3.93 (1.66)	5.31 (1.46)	11.91	0.000	Germany, China > USA
	Clients	4.16 (1.69)	3.34 (1.83)	4.62 (1.78)	9.06	0.000	Germany > USA
	Group-Focus	2.94 (1.68)	2.68 (1.48)	3.34 (1.62)	2.29	0.104	
	Individual-Focus	2.31 (1.36)	2.39 (1.26)	1.97 (1.15)	1.24	0.293	
Methods	Explicitness ^e	2.25 (0.71)	2.33 (0.92)	2.65 (1.15)	1.76	0.176	
Purpose	Compensation ^e	3.22 (1.65)	3.86 (1.69)	2.30 (1.38)	15.50	0.000	USA > China, Germany
	Promotion	3.24 (1.51)	3.02 (1.29)	2.72 (1.56)	0.58	0.564	
	Relation	2.96 (1.50)	2.80 (1.27)	3.74 (1.69)	6.11	0.003	Germany, China > USA
	Development ^e	3.02 (1.49)	2.84 (1.08)	3.22 (1.73)	0.65	0.523	
	Motivation	2.96 (1.46)	2.95 (1.52)	3.64 (1.83)	3.69	0.027	
Feedback	Communication	2.66 (1.06)	2.82 (1.01)	2.94 (1.39)	0.71	0.493	

^aTwo-tailed tests; ^bThe higher the mean scores, the lower the relevance; ^c $F(2,159)$; ^dAt $p < 0.05$; the higher the mean scores, the lower the relevance; ^eThese elements showed significant differences in error variances (Levene's test, $p < 0.01$) and were excluded from further discussion about the MANOVA results.

country-specific means, standard deviations, and *t*-values (for dependent samples) of different criteria, actors, and purposes in the three investigated countries, China, Germany, and the United States.

Moreover, we performed a MANOVA analysis to examine between-country differences. Table 2 shows country-specific means, standard deviations, differences, and the results of pairwise comparisons (Bonferroni) between China, Germany, and the United States concerning the investigated PM elements.²

None of the five control variables—department ($F_{19,141} = 0.63$, $p = 0.88$), gender ($F_{19,141} = 1.06$, $p = 0.40$), international experience ($F_{19,141} = 1.28$, $p = 0.21$), age ($F_{19,141} = 1.41$, $p = 0.13$), and time spent at the respective location ($F_{19,141} = 1.14$, $p = 0.32$)—showed an impact on the PM system. At the same time, country had an overall effect size (partial eta square) of 0.27 and can therefore explain more than one-quarter of the variance. Table 3 summarizes the hypotheses and respective outcomes.

Concerning the first set of hypotheses addressing performance management criteria, as displayed in Table 3, only those assuming the similar high relevance of output-oriented criteria in China, Germany, and the United States can be confirmed. Country-specific propositions are not, or only partly, reflected by our data. Hence, only Hypothesis 1d is supported and Hypotheses 1a and 1c have to be rejected. Hypothesis 1b has to be partly rejected, since teamwork- and output-oriented criteria are highly relevant in the US-American context; however, as the *t*-test reveals, the latter are not more important than expertise-oriented criteria (see Table 1). An additional country-specific finding, however, is the difference between Germany and the United States concerning the relevance of the assessed person's network as an appraisal criterion ($M_{\text{China}} = 3.59$, $M_{\text{Germany}} = 2.77$, $M_{\text{USA}} = 3.74$, $p < 0.05$).

In the second set of hypotheses focusing on actors (see Table 3), six of the nine actor-related assumptions

TABLE 3 Hypotheses and Results

Hypothesis	Result Analysis (see Table 1 and Table 2)	Final Decision
1a: Performance evaluation criteria used in China are primarily network and output oriented.	$M_{\text{Network}} = 3.59$ (above scale mean) $M_{\text{Output}} = 2.51, M_{\text{Teamwork}} = 2.71, p = 0.37$	✗
1b: Performance evaluation criteria used in the United States are primarily teamwork and output oriented.	$M_{\text{Output}} = 2.64, M_{\text{Teamwork}} = 2.51, p = 0.52$ $M_{\text{Output}} = 2.64, M_{\text{Expertise}} = 2.91, p = 0.11$ $M_{\text{Expertise}} = 2.91, M_{\text{Teamwork}} = 2.51, p = 0.01$	Partly
1c: Performance evaluation criteria used in Germany are primarily expertise and output oriented.	$M_{\text{Output}} = 2.52, M_{\text{Teamwork}} = 2.89, p = 0.15$ $M_{\text{Output}} = 2.52, M_{\text{Expertise}} = 2.70, p = 0.48$ $M_{\text{Expertise}} = 2.70, M_{\text{Teamwork}} = 2.89, p = 0.43$	✗
1d: The three countries do not differ in terms of the high relevance of output-oriented criteria.	$F_{2,159} = 1.62, p = 0.20$	✓
2a: In China, performance evaluation is carried out primarily by the superior.	$M_{\text{Supervisor}} = 2.04, M_{\text{Others}} = 3.91, p < 0.001$ $M_{\text{Supervisor}} = 2.04, M_{\text{Self}} = 3.29, p < 0.001$	✓
2b: In China, appraisals by clients, subordinates, peers, and the assessed him-/herself (360-degree feedback) are of low relevance.	$M_{\text{Others}} = 3.91$ (above scale mean)	✓
2c: In China, the importance of group- and individual-focused appraisals is equally high.	$M_{\text{Team}} = 2.94, M_{\text{Individual}} = 2.31, p < 0.05$	✗
2d: In the United States, performance evaluation is carried out primarily by the superior.	$M_{\text{Supervisor}} = 1.77, M_{\text{Others}} = 4.80, p < 0.001$ $M_{\text{Supervisor}} = 1.77, M_{\text{Self}} = 3.77, p < 0.001$	✓
2e: In the United States, performance evaluation by the assessed him-/herself, clients, subordinates, and peers (360-degree feedback) is of high relevance.	$M_{\text{Others}} = 4.80$ (above scale mean)	✗
2f: In the United States, appraisals are primarily individual focused.	$M_{\text{Team}} = 3.34, M_{\text{Individual}} = 1.97, p < 0.001$	✓
2g: In Germany, performance evaluation is carried out primarily by the superior.	$M_{\text{Supervisor}} = 2.18, M_{\text{Others}} = 3.60, p < 0.001$ $M_{\text{Supervisor}} = 2.18, M_{\text{Self}} = 3.09, p < 0.01$	✓
2h: In Germany, the appraisal by an assessed him-/herself, subordinates, peers, and clients (360-degree feedback) is of low relevance.	$M_{\text{Others}} = 3.60$ (above scale mean)	✓
2i: In Germany, appraisals are primarily individual focused.	$M_{\text{Team}} = 2.68, M_{\text{Individual}} = 2.39, p = .176$	✗
3a: The major purposes of PM in China include compensation and relationship building.	No statistical differences between, e.g.: $M_{\text{Compensation}} = 3.22, M_{\text{Development}} = 3.02, M_{\text{Relation}} = 2.96, M_{\text{Motivation}} = 2.96$	✗
3b: The purposes of PM in China are rarely development oriented.	See above	✗
3c: The major purposes of PM in the United States include compensation and promotion.	$M_{\text{Compensation}} = 2.30, M_{\text{Development}} = 3.02, p < 0.001$ $M_{\text{Promotion}} = 2.30, M_{\text{Development}} = 3.02, p = 0.05$	Partly
3d: The purposes of PM in the United States are rarely relation oriented.	$M_{\text{Relation}} = 3.74, M_{\text{Development}} = 3.22, p < 0.01$	✓
3e: The major purposes of PM in Germany include development and compensation.	$M_{\text{Compensation}} = 3.86, M_{\text{Relation}} = 2.80, p < 0.01$ $M_{\text{Development}} = 2.84, M_{\text{Relation}} = 2.80, p = 0.81$	✗
4a: PM methods in China are primarily implicit.	$M = 2.25$ (below scale mean)	✗
4b: PM methods in the United States are primarily explicit.	$M = 2.65$ (below scale mean)	✓
4c: PM methods in Germany are primarily explicit.	$M = 2.33$ (below scale mean)	✓
4d: In Germany and the United States, PM methods are more explicit than in China.	$F_{2,159} = 1.76, p = 0.18^a$	—
5a: Performance appraisal in China is characterized by a low degree of feedback communication.	$M = 2.66$ (below scale mean)	✗
5b: Performance appraisal in the United States is characterized by a high degree of feedback communication.	$M = 2.94$ (below scale mean)	✓
5c: Performance appraisal in Germany is characterized by a high degree of feedback communication.	$M = 2.82$ (below scale mean)	✓
5d: The degree of feedback communication in Germany and the United States is higher than in China.	$F_{2,159} = 0.71, p = 0.49$	✗

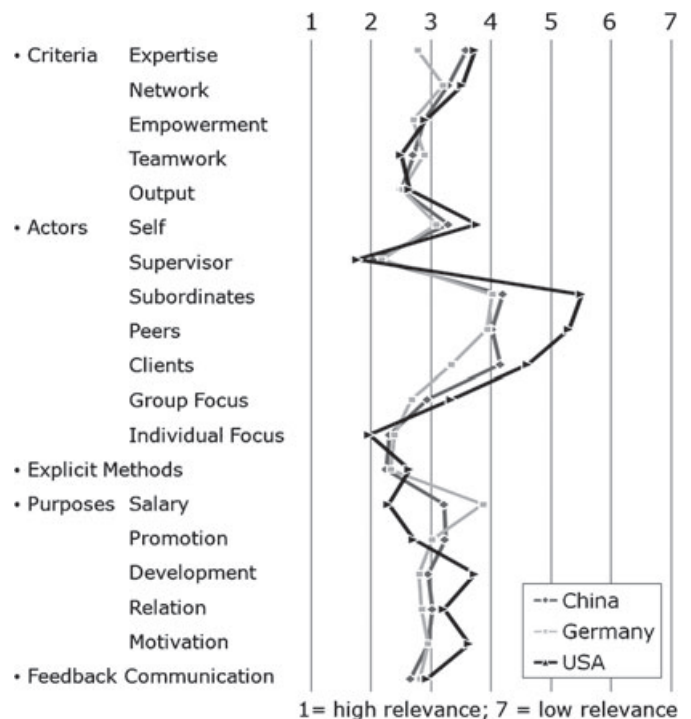
^aThese elements showed significant differences in error variances (Levene's test, $p < 0.01$) and were excluded from further discussion about the MANOVA results.

are confirmed (Hypotheses 2a, 2b, 2d, 2f, 3g, and 2h), while three (Hypotheses 2c, 2e, 2i) have to be rejected. Contrary to our expectations, in China as well as in Germany, the individual and the team focus of an appraisal are of similar high importance. At the same time, we did not find the broad variety of actors (360-degree feedback) in the United States as emphasized in the literature. Interestingly, big differences with respect to the various actors can be found between countries (see Table 2), and the relevance of appraisals by subordinates ($M_{\text{China}} = 4.20$, $M_{\text{Germany}} = 4.02$, $M_{\text{USA}} = 5.51$, $p < 0.001$) and peers ($M_{\text{China}} = 4.02$, $M_{\text{Germany}} = 3.93$, $M_{\text{USA}} = 5.31$, $p < 0.001$) differs significantly between the three nations. As the Bonferroni pairwise comparisons reveal, feedback by subordinates and peers is not as common in the US sample as in the German and Chinese samples. Further differences were found between Germany and the United States in terms of client feedback ($M_{\text{China}} = 4.16$, $M_{\text{Germany}} = 3.34$, $M_{\text{USA}} = 4.62$, $p < 0.001$).

Similar to the criteria-related set of hypotheses, most assumptions concerning the purposes of PM have to be rejected. The two hypotheses concerning the United States could be confirmed (Hypothesis 3d) or partly confirmed (Hypothesis 3c). The latter assumed the highest relevance for promotion and compensation purposes and was confirmed only partly due to the similar high importance of promotion and development purposes (see Table 1). Hypothesis 3d assumed the low relevance of relation purposes and was supported by our data. At the same time, all purposes in China appeared to be of the same moderate relevance (see Table 1), so that Hypotheses 3a and 3b have to be abandoned. Hypothesis 3e, which predicts development and compensation to be the major purposes of PM in Germany, has to be rejected due to the low popularity of the compensation purpose in Germany (see Table 1). Moreover, Table 2 reveals that, in China and Germany, relation ($p < 0.01$) and motivation purposes ($p < 0.05$) are significantly more relevant than in the United States, while managers in the United States place more emphasis on the salary purpose of PM than their counterparts in the other two countries ($p < 0.001$).

The fourth set of hypotheses concerns the explicitness of PM methods. Mean scores were moderately high in all three countries (China: $M = 2.25$; Germany: $M = 2.33$, United States: $M = 2.65$), indicating that PM methods in China are also primarily explicit. Thus, Hypothesis 4a has to be rejected, while Hypotheses 4b and 4c are supported by these findings. The MANOVA analysis (see Table 2) reveals that the three countries do not differ regarding the explicitness of methods, in which case Hypothesis 4d has to be rejected.

FIGURE 1 Country-Specific Profiles of Performance Management in China, Germany, and the United States



For feedback communication, and thus the fifth set of hypotheses, similar results were found (China: $M = 2.66$; Germany: $M = 2.82$, United States: $M = 2.94$). Again, we have to reject the hypothesis concerning China (Hypothesis 5a), since direct and participatory feedback communication appears to be very relevant here as well—it is at least as high as in Germany and in the United States, where the assumptions of a high degree of direct and participatory feedback communication are supported, respectively (Hypotheses 5b and 5c). Due to empirically equal degrees of feedback communication in the three countries (see the MANOVA results in Table 2), Hypothesis 5d, which was postulating a lower relevance in China, has to be rejected.

Figure 1 summarizes the findings by presenting the resulting country-specific PM profiles. These findings are discussed in the following section by considering the existing body of literature.

Discussion

It is important to note that the unique organizational context of one single MNE cannot exclude company-specific explanations for variance, which is a clear limitation of this study. Further empirical limitations of this study

include the limited numbers of participants in each of the investigated subsidiaries, and the conduction of the survey in English. Despite these empirical limitations, the study provides interesting insights, which—if confirmed in future, more encompassing studies—may lead the reader to question some of the insights of the existing research results and to think about new research approaches.

However, contrary to what the literature suggests about the importance of local peculiarities of PM, and contrary to half of the stated hypotheses (13 out of 26), which were not or only partly confirmed in this article, the results of the present study show significant country-specific differences in only 6 of the 16 investigated PM features.³

The results of this study, indicating a similar high importance of several PM elements in China, Germany, and the United States, challenge most of the existing literature on PM by not identifying expected country-specific differences or not finding the kind of country-specific differences originally expected. On the one hand, this may indicate that the context does not matter as much as expected, which would be in line with papers doubting the importance of the impact of cultural differences on organizational behavior and HRM (Gerhart, 2008; Gerhart & Fang, 2005; Weller & Gerhart, 2012). On the other hand, these results can also point to the development and implementation of common practices or trends (Pudelko & Harzing, 2007, 2008; Von Glinow et al., 2002), which have astonishingly been almost ignored in the PM literature. Following the previously mentioned arguments, we could interpret the results of the current study in the sense that performance management carried out by a superior using output criteria with a dominantly individual focus and a clear feedback procedure may represent common practices or the potential for standardization in the three investigated countries.

At the same time, other elements, namely, network-oriented criteria, appraisals by actors other than the supervisor, and purposes, seem to rely more on local requirements and therefore vary across the countries. Though the underlying cultural and institutional factors still need further sophistication and clarification, findings indicating commonalities and differences are in line with some previous arguments suggested in the discussion about balancing the standardization and localization of GPM (e.g., Festing & Eidems, 2011; Vance, 2006).

Another surprising result of this study concerns findings related to hypotheses on the between-country level. On the basis of the previous literature and the analyzed cultural and institutional backgrounds (e.g., Cooke, 2008; Festing & Barzantny, 2008; Shen, 2004; Vance et al.,

The results of this study, indicating a similar high importance of several PM elements in China, Germany, and the United States, challenge most of the existing literature on PM by not identifying expected country-specific differences or not finding the kind of country-specific differences originally expected.

1992), we expected a similar importance of criteria, methods, and feedback communication for Germany and the United States, on the one hand, and differing data for China, on the other. Due to assumed cultural proximity, this analytical categorization of “Western” countries versus China is a paradigm applied by several scholars (e.g., Björkman & Lu, 1999; Ferner & Quintanilla, 1998; Laurent, 1983; Shen, 2004). However, our data does not support these two cultural clusters. On the contrary, we found more similarities between China and Germany than between Germany and the United States.

While the design for conducting the present study in one MNE had the advantage of being able to control influence factors on the organizational level, it also had limitations. At this stage, the findings presented here are company-specific, and confounding effects by the industry, nature, and global policy of the firm cannot be excluded (Budhwar & Sparrow, 2002). However, this study is a first step toward an in-depth conceptual and empirical analysis of country-specific peculiarities versus commonalities of PM, and thus is pioneering in charac-

ter. The aim is to present some core conceptualizations and measurement tools that provide impulses for further research. Without doubt, future research should enlarge sample sizes by including more industries, companies, countries, and managers when investigating PM and comparing peculiarities in various contexts. This is also important from a methodological point of view. Especially the evaluation of cross-cultural equivalence with more advanced instruments, for example, structural equation modeling, requires larger sample sizes (Byrne & van de Vijver, 2010; Hox & Maas, 2001).

Also, with respect to the theoretical background, this study has clear limitations. Due to the approach of the encompassing literature review, we argued on the level of the artifacts looking at *how* PM features differ. The question *why* country-specific differences could be observed was secondary at this stage of the research project. However, since some of our hypotheses were supported and others rejected, it is questionable whether the theoretical categorizations discussed in the previous literature explain differences in PM sufficiently. A lack of structured categorizations of the local (cultural *and* institutional) context forced the quite broad and eclectic foundations of our hypotheses, sometimes referring to the institutional context, sometimes to the cultural context. We argue that both the institutional and cultural contexts are relevant for a complete understanding of PM, and therefore we conceptualized and analyzed the country-specific PM profiles using both perspectives separately.

Conclusion

This article has revealed conceptual and empirical deficits in research on PM, which have been addressed accordingly. Based on the conceptualization and country-specific profiles of PM (according to Festing et al., 2012), we have investigated the local particularities of the key elements of PM by considering hypotheses on within-country and between-country levels for China, Germany, and the United States. The results of the within-country analyses indicate that country-specific profiles show different shapes (see Figure 1); however, they do not differ as much as expected. Output-oriented criteria, supervisor appraisals, and a high degree of feedback communication are universally applicable in this sample. This result indicates that a stronger link is needed between the literature that explains country-specific differences in PM and those studies that discuss global best HR practices. For example, some researchers state that weak contextual influences should allow for a high degree of standardization of PM practices. In this case, globally standardized

best HR practices are suggested to play an important role (Pudelko & Harzing, 2008). These “best practices” are assumed to be a global benchmark, most efficient and most effective in all contexts (Pudelko & Mendenhall, 2009). With respect to PM, the literature providing universal guidelines (e.g., Aguinis, 2013; Armstrong, 2009; Pulakos, Mueller-Hanson, & O’Leary, 2007) assumes, for example, the strong role of the supervisor and an individual focus during the appraisal. However, many scholars who focus on the cross-border dimension of PM from a contextual perspective question whether a company-wide standardized PM system, one that ignores local cultural and institutional factors, is practically enforceable (e.g., Aycan, 2005; Claus & Hand, 2009; Festing & Barzantny, 2008; Vance, 2006).

As empirical evidence is still fragmented, since most of the country-specific or comparative data reported consider only single elements of the PM system, the question as to whether GPM follows the logic of globally standardized best practices, or whether it is characterized by local adaptations, still needs further clarification (Amba-Rao et al., 2000; Milliman, Nason, et al., 2002; Shadur et al., 1995). Future research should attempt to integrate these two approaches, for example by empirically investigating the proposed upstream/downstream differentiation of GPM elements (Vance, 2006). Therefore, the first step might be to choose a firm that aims at a standardized PM system, in order to ascertain whether certain bundles of PM practices are more likely to travel better than others.

However, for those factors that differed by country, thorough explanations could be developed which increase our understanding of the local environment and the systematic variation with PM or more general HRM practices. Cultural and institutional arguments, as well as how they combine, should be developed further and their influence measured in order to provide systematic explanations and hints about PM system elements that are locally adapted. Hence, a qualitative approach using interviews with human resource managers in headquarters and local subsidiaries could lead to rich and innovative research results. The results of other comparative studies should help us to shed light on some of the complexities of GPM revealed by the results of this study. The long-term goal of this approach is to capture systematically, consistently, and comprehensively the PM characteristics of the various national contexts in which an MNE is operating. This is not limited to the countries investigated in this study and can as such be extended to other nations.

It has also become clear from our study that the expected between-country differences “clustering” the

United States and Germany versus China could not be supported. On the contrary, we found more similarities between China and Germany than between Germany and the United States, which implies the need for a more structured differentiation of contextual factors and up-to-date studies on HRM, or more specifically PM in emerging markets where HRM practices may take a different approach (Chang, Mellahi, & Wilkinson, 2009; Shen, 2004; Tsang, 1999; Zhang & Edwards, 2007). Thus, again, the context of GPM should be investigated in further detail.

Managerial implications of this study are also limited. Due to the methodological design of the unique organizational context of one single MNE, it remains open to what extent the results are organization specific. However, they indicate at least which PM practices can be considered as generally applicable and where local varia-

tions may be expected. Overall, the results of this study indicate that the need for the local adaptation of at least some performance management practices may be overestimated, which could indicate to human resource managers in MNEs which PM elements may be standardized and which ones are typically adapted to local requirements. Of course, this has to be analyzed in the context of each particular MNE. Here, further studies, including more contextual factors such as those suggested by Budhwar and Sparrow (2002), could be fruitful.

Nankervis and Compton (2006) stated that a well-balanced application of employee performance management is seen as “one of the most crucial links between HRM functions and organizational competitiveness” (p. 85). This study has enlarged our knowledge with respect to this statement by identifying country-specific PM differences and similarities in three major economies.



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Notes

1. The authors of the GLOBE study differentiate between societal practices and societal values in their analysis. In the following we refer to the latter.
2. Three GPM elements (explicit methods, salary purposes, and development purpose) showed significant differences of error variances (Levene's test, $p < 0.01$) and were excluded from further discussion about the MANOVA results.
3. Three elements showed significant differences in error variances (Levene's test, $p < 0.01$) and were excluded from further discussion about the MANOVA results.

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APPENDIX A Items, Scales, and Cronbach's Alpha Reliabilities for the Whole Sample, China, Germany, and the United States

Items	Overall	China	Germany	United States
Criteria				
Evaluation criteria most applied in the performance management system in my current workplace are:				
Expertise.				
Access to networks/important people.				
Empowerment of others.				
Effective teamwork.				
Result targets (e.g., agreed figures, sales, revenues).				
Explicit Methods	0.85	0.76	0.88	0.86
Everyone who is involved in the performance management system has access to information and guidelines concerning its processes (i.e., via intranet or manuals).				
Performance management processes follow formal rules.				
The determination of the appraisal results is based on well-known and universally valid rules.				
Performance management processes are designed in a logical way.				
The processes of the performance management system are transparent and comprehensible for all participants in the system.				
Actors				
In the performance management system in my current workplace, the most important assessment comes from:				
Clients.				
The evaluated person him-/herself (self-evaluation).				
Subordinates.				
Peers.				
Direct supervisor.				
The assessment in the performance management system in my current workplace focuses on:				
Team performance.				
Individual performance.				
Purposes				
Besides the system's overall target of enhancing employee performance, the main purpose of the performance management system in my current workplace is:				
The development of employees.				
Building and maintaining a relationship with employees.				
Determining promotions.				
Motivating employees.				
Determining salaries.				
Feedback Communication	0.87	0.88	0.84	0.88
Good results and strengths are always communicated directly.				
Subordinates are encouraged to express their opinion concerning the appraisal and its results.				
Bad results and weaknesses are always communicated directly.				
The feedback situation is open and truthful.				

APPENDIX A (Continued)

	Overall	China	Germany	United States
Feedback is a bidirectional discussion.				
Demographic Data				
<i>Age</i> How old are you?				
<i>Gender</i> What is your gender?				
<i>Citizenship</i> What is your country of citizenship/passport?				
<i>Cultural Identity</i> Which country/culture do you most identify with?				
<i>Experience with Local Culture</i> How long have you lived in the country you currently live in?				
<i>International Experience</i> Besides your country of birth, how many other countries have you lived in for longer than one year?				
<i>Company Site</i> What is your current workplace?				
<i>Experience with PM at Local Site</i> How long have you worked in your current workplace?				
<i>Department</i> Please indicate the kind of work primarily done by the department you are working for:				

APPENDIX B Descriptive Statistics and Correlations for Location and Control Variables on PM Elements

Variable			M	SD	1	2	3	4	5	6	7	8				
1	Location		25.89	18.05	1											
2	Department		5.81	3.48	−0.07	1										
3	Time at location		3.45	0.80	0.38**	−0.01	1									
4	International experience		1.44	0.77	−0.04	0.12	−0.05	1								
5	Age		42.84	7.88	0.41**	0.07	0.34**	0.06	1							
6	Gender		1.36	0.48	−0.04	−0.25**	0.05	−0.25**	−0.22**	1						
7	Criteria	Expertise	2.84	1.31	0.04	0.00	−0.12	0.12	−0.06	−0.05	1					
8		Network	3.44	1.61	0.15	−0.11	0.02	−0.06	−0.11	0.18*	0.28**	1				
9		Teamwork	2.67	1.40	0.10	0.03	−0.12	−0.06	−0.15	0.02	0.52**	0.27**				
10		Empowerment	3.37	1.36	0.10	0.05	−0.04	0.02	−0.09	0.02	0.62**	0.38**				
11		Output	2.57	1.40	0.04	−0.07	−0.09	0.01	−0.15*	0.02	0.47**	0.23**				
12	Actors	Self	3.45	1.49	0.19*	0.08	0.14	−0.06	0.09	0.03	0.10	0.08				
13		Supervisor	1.96	1.13	−0.15	0.05	−0.15	−0.10	−0.21**	−0.14	0.19*	0.15				
14		Subordinates	4.74	1.70	0.41**	0.02	0.10	0.06	0.17	0.09	0.19*	0.21**				
15		Peers	4.57	1.70	0.39**	0.02	0.15	0.01	0.14	0.01	0.21**	0.22**				
16		Clients	4.15	1.83	0.22**	0.02	−0.01	0.11	−0.04	0.06	0.19*	0.29**				
17		Group-Focus	3.05	1.61	0.16*	0.11	0.11	0.06	−0.03	−0.04	0.38**	0.26**				
18		Individual-Focus	2.18	1.25	−0.15*	0.10	−0.06	−0.04	−0.06	−0.09	0.42**	0.01				
19	Methods	Explicitness	2.45	0.99	0.18*	0.02	0.12	0.02	0.09	−0.12	0.40**	0.04				
20	Purpose	Compensation	2.98	1.67	−0.35**	0.14	−0.04	0.01	−0.06	0.05	−0.02	0.03				
21		Promotion	2.95	1.48	−0.15	0.15	−0.02	−0.05	−0.19*	0.02	0.07	0.00				
22		Development	3.06	1.51	0.09	0.02	0.10	0.03	−0.02	−0.04	0.46**	0.22**				
23		Relation	3.26	1.58	0.27**	−0.02	0.06	−0.06	0.06	−0.03	0.34**	0.24**				
24		Motivation	3.26	1.67	0.20**	0.04	0.02	−0.03	0.05	−0.06	0.39**	0.14**				
25	Feedback	Communication	2.83	1.20	0.09	0.07	−0.00	0.04	0.04	−0.14	0.43**	0.12**				
9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
10	0.55**	1														
11	0.33**	0.36**	1													
12	0.13	0.34**	0.19*	1												
13	0.21**	0.26**	0.25**	−0.02	1											
14	0.19*	0.34**	0.08	0.42**	−0.08	1										
15	0.19*	0.38**	0.09	0.40**	0.03	0.79**	1									
16	0.20**	0.36**	0.03	0.40**	−0.04	0.65**	0.55**	1								
17	0.44**	0.56**	0.27**	0.42**	0.16*	0.46**	0.50**	0.41**	1							
18	0.38**	0.27**	0.39**	0.19*	0.31**	−0.08	0.01	0.02	0.27**	1						
19	0.29**	0.39**	0.47**	0.29**	0.41**	0.12	0.16*	0.11	0.38**	0.51**	1					
20	0.05	0.10	−0.05	0.07	0.20**	−0.11	−0.06	0.01	0.04	0.18*	0.10	1				
21	0.20**	0.06	0.19*	0.17*	0.24**	0.11	0.08	0.05	0.11	0.24**	0.19**	0.42**	1			
22	0.43**	0.42**	0.35**	0.22**	0.27**	0.16*	0.24**	0.10	0.48**	0.29**	0.51**	0.23**	0.24**	1		
23	0.28**	0.36**	0.28**	0.40**	0.16*	0.25**	0.38**	0.28**	0.43**	0.32**	0.43**	0.03	0.23**	0.52**	1	
24	0.32**	0.40**	0.34**	0.26**	0.24**	0.27**	0.32**	0.22**	0.41**	0.35**	0.54**	0.17*	0.32**	0.75**	0.65**	1
25	0.45**	0.52**	0.36**	0.22**	0.30**	0.14	0.13	0.15	0.38**	0.38**	0.60**	0.13	0.21**	0.54**	0.33**	.54**

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.