Chapter 8 Review questions and answers

1. Which theoretical concepts used to explain the importance of performance management have most relevance to international assignees and why?

The International Assignees’ performance is affected by an appropriate form of reward. Expectancy theory includes the concept of ‘valence’ or the value which the employee perceives in the reward received for effective performance and successfully carrying out the assignment; goal setting theory is highly relevant since the goals of the overseas appointment must be fully understood and agreed by all parties, the expatriate and both the local manager and HQ manager too. The AMO framework implies that a suitable expatriate has been selected in the first place (with ability to perform) and that s/he is motivated and is given the opportunity to perform, i.e. there are no obstacles which prevent the achievement of goals. An overseas appointment may involve obstacles which are not anticipated by a headquarters’ manager who has no experience of working overseas, and as such the goals set may not be so easily achieved.

The psychological contract is an important element of the international assignee’s appointment since this might inadvertently be broken if expectations set and relayed by head office are interpreted differently by the overseas employer. Attribution theory too is relevant since it incorporates the concept of responsibility and blame and is affected by the origin of the expatriate.

2. What is the purpose of performance management? Why is the topic controversial? Performance management is a process which incorporates evaluation of performance of the expatriate and also the evaluation of subordinate performance by the expatriate.

It has received criticism for the range of management activities it tries to encompass including goal setting methods, fairness of measurement systems, and the ability and motivation of those who have to implement the process. Expatriates may be evaluated using a standard evaluation format which does not incorporate the special difficulties and skills required for the overseas appointment. The role of the line manager is highly demanding as it includes review of past performance, considers potential, and recommends rewards. It is controversial because some aspects of an appraisal may be incompatible. The evaluator has conflicting roles to play as rater or judge and mentor or coach (Murphy and DeNisi, 2008: 86–7), and the nature of the relationship between rater and ratee can be affected in the long term. See p 173-4.
3. What factors make the standardization of performance management across MNEs problematic?

Cultural difference means that the values which operate in some cultures may not be compatible with those in others. As a result, an MNE may try to impose a performance management system based on an open, egalitarian culture. However, in a culture of high power distance, open communication may not take place easily, as the relationship between superiors and subordinates limits two-way communication. MNEs need to be aware of the cultural context within which they operate, and should choose a style of performance management which suits this, rather than a standardized one.

4. What factors make international performance management more complex than domestic performance management?

Many different factors make international performance management more complex. The role or the expatriate may be more complex than that imagined in the headquarters country. As a result, the goals set and the time frame for achievement of the goals need to reflect this. Cultural and institutional issues may mean that the achievement of goals is more difficult. Managers conducting performance appraisals need to understand the cultural context of the country and their subordinates which may affect their appraisal process. There may also be differences in the expectations of the expatriate by the headquarters manager and by the local manager.

5. Why is the role of the expatriate significant for his/her performance management?

Expatriates may be sent overseas for a variety of different reasons, including simply job experience and learning or even overall control of a subsidiary. The performance management process needs to reflect the specific goals. Depending on the purpose of the assignment, the expatriate will report to either or both the headquarters and the local subsidiary manager. This may result in some conflict in terms of the expectations of the expatriate. Recently, there have been calls for measurement of the ROI of expatriate appointments, given their expense. However, the role of an expatriate can be very complex which makes this process difficult. A final factor in the performance management of the expatriate is how this facilitates future career opportunities. Unfortunately, many expatriate appointments are made without sufficient consideration of the career of the expatriate, who may not get the type of experience requested or suitable experience for development of his/her career. Some employees feel that expatriate appointments can lead to loss of opportunities at home, due to the reduction in headquarters contact (‘out of sight, out of mind’) and this is one reason for a reduction in interest in overseas appointments by some.
Finally, the role of the expatriate and the experience gained in the role may not be fully reflected in the performance appraisal documentation, which may only be designed based on domestic performance criteria. It is essential that the expatriate retain contacts and networks at headquarters to ensure that s/he is aware of opportunities and his/her knowledge and experience is recognized and perceived as valuable.

6. Why might reports from subsidiary line managers not accurately reflect a true picture of subsidiary and expatriate performance?

The subsidiary manager may have a different perception of the objectives of the subsidiary than that of the headquarters and the expatriate. The goals of the head office and subsidiary manager may not be aligned. Headquarters sees the subsidiary as just part of a wider entity and the role of the expatriate may sometimes be perceived as that of a ‘spy’ by the subsidiary. This can result in tension and possibly a negative evaluation of the expatriate by the local subsidiary manager. Institutional factors and local bureaucratic interference may prevent the expatriate from achieving goals. Local line managers may also wish to present a favourable, but inaccurate, picture of the local subsidiary, so it is important for the expatriate to maintain independent reporting to the headquarters about the situation on the ground. The performance of the expatriate may be difficult to measure. Hard, quantifiable goals may not reflect the complexity of the expatriate’s activities. Soft goals may be affected by cultural difference. Expectations of loyalty and respect by the local manager in Asia may be in conflict with a more independent attitude and exhibiting initiative shown by an expatriate from the west. Such conflict would result in a negative performance appraisal report.

7. What are the main adjustment problems which may impact on expatriate performance?

Expatriates and their spouses and families may face culture shock and adjustment difficulties which might impact on performance. They may find it difficult to adapt to a less developed environment in terms of local facilities and ways of doing things. In the work context, the expatriate needs to adapt to a new corporate culture affected by the local culture, language difficulties, local resentment, suspicion or distance. These issues will result in a distraction and delay for the expatriate to get up to speed. The following factors can result in adjustment difficulties:

Host country culture; host organization culture; head office support for the expatriate; Stage of development of the subsidiary organization; Relationship between head office and subsidiary; Philosophy of the organization; External environmental factors; Spouse and family adjustment.
8. What are the advantages and disadvantages of using 360-degree evaluation for expatriates?

Three hundred and sixty degree evaluation for expatriates has some advantages, depending on the number of participants in the process and who is selected to carry out the evaluation; the purpose of the evaluation; the structure of the questions and their relevance to the role.

Ghorpade (2000) suggests that it has serious problems related to privacy, validity and effectiveness. Ghorpade also mentions five paradoxes: 1. Employee Development Paradox: It tends to be used as an appraisal rather than development tool; 2. Multiple Constituents Paradox: more evaluators increases the information obtained, but this may not be better feedback; 3. Anonymous Ratings Paradox: Anonymous ratings are more honest than signed ratings; however, honest ratings may not necessarily be more valid; 4. Structured Feedback Paradox: the generic feedback collected may not be so relevant to the role; 5. Appointing the administrator: This is a key role of gathering and processing the data and keeping custody of the data. While these are all valid concerns, the author maintains that the system is beneficial but requires an atmosphere of trust, openness and sharing for an honest exchange of perceptions. The success also depends on the cultural framework within which this takes place. However, it is costly and time consuming to use and results in a lot of bureaucratic paperwork.

9. What types of information and support might be provided by the MNE to the expatriate and his/her spouse to facilitate a successful assignment?

Preparation for the assignment, in terms of training and awareness-building, is important for both the expatriate and spouse. This should ideally include a familiarization visit to the location before the appointment is accepted. Ongoing cross-cultural and language training should be provided as well as an introduction to a local support person or expatriate groups.

Practical help with re-location, housing and schooling advice are also essential. Ideally, the expatriate and spouse need all the support necessary so that the move and practical adjustment issues do not interfere with the expatriate’s ability to carry out his/her work role. Some help should also be given to the spouse who wishes to continue working with advice on local employment agencies, the law, obtaining a work visa and other bureaucratic issues.

The overseas role should also include benefits which enable the family to live with an equivalent standard of living and to maintain regular contact with families at home, through the subsidy of telephone and IT charges and annual home visits.
The expatriate needs to be given a clear description of the overseas job role and expectations of headquarters. Regular contact with HQ is essential so the progress or difficulties related to the role can be discussed. Some indication of opportunities which may arise following the expatriation experience should be given in advance and the headquarters should have discussed career progression before the overseas assignment begins. These discussions should also take place again about six months before the assignment ends so that adequate plans can be made for repatriation and a suitable appointment can be made which utilises the expatriate’s experience and expertise.

10. To what extent are headquarters HR departments responsible for the performance management of HCMs? Why is their management problematic?

HR departments at headquarters or regional headquarters should ideally be the sections ultimately responsible for Host Country Managers’ performance management in collaboration with their line managers. This depends on the structure of the organization and the management of different departments and roles. The orientation of the organization is also important as this will affect the culture and relationships within the organization. The management of Host Country Managers may be complex because of the physical distance between the managers and their supervisors. Often the supervisors may only visit the host country site infrequently and as a result may have insufficient knowledge of on the ground issues and challenges. Communication may largely be on the telephone, but today this can be supplemented easily with on-line conference facilities or discussions using ‘Skype’. Performance management needs to be built on clear understanding of roles and specific goals which are agreed at annual appraisals, with progress discussed frequently using any IT communication tools. Ideally, the line manager should pay regular visits to the host sites and spend sufficient time there to build relationships and fully understand all operational issues.