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# Guest editorial: Innovations in performance management systems around the globe

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## Introduction

Performance management systems (PMSs) form the core of the individual-organization relationship by guiding the employer–employee exchange from the hiring stage until separation (Varma & Budhwar, 2020). Indeed, some form of PMS is critical so organizations can assign and evaluate work, provide feedback and reward those individuals at appropriate intervals (see, e.g. Varma, Budhwar, & DeNisi, 2023), to ensure that their work is contributing to the organizational business strategy. From assigning work and setting goals to monitoring performance periodically and providing regular feedback and coaching, the scope of PMSs includes a wide array of subjects beyond performance appraisals. Not surprisingly, over the decades, numerous scholars have presented a body of literature looking at both performance appraisal and performance management (see, e.g. Aguinis, 2013; Bernardin & Wiatrowski, 2013; DeNisi, 2003; Varma *et al.*, 2023; Varma & Budhwar, 2020). However, there is a lot that we still don't understand about PMSs.

In this connection, DeNisi and Murphy (2017) have noted that while we have made significant progress in understanding the antecedents and consequences of individual performance, we need a lot more work on the relationship between individual and firm-level performance (see, also, DeNisi & Smith, 2014; Singh, Varma, Budhwar, & Soral, 2023). Many scholars have investigated these processes with one goal – to help individuals and organizations improve performance, as it is clear that the sum of individual performance(s) does not equal organizational performance (DeNisi & Smith, 2014). Indeed, the mediating and moderating variables have a huge impact on the final outcome (Singh *et al.*, 2023; Varma & Budhwar, 2020). While many of these are tangible and lend themselves to measurement, other variables are intangible yet have been known to have a significant impact on performance outcomes and evaluations.

Further, some scholars have drawn upon well-known theories developed in the West to examine PMS-related processes. As an example, Feldman (1981) drew upon the attribution theory to explore cognitive processes in performance appraisal, while others (e.g. Pichler *et al.*, 2015; Varma & Stroh, 2001) have drawn upon Graen's leader–member exchange theory (see, e.g. Graen & Uhl-Bien, 1995) to explore supervisor–subordinate relationships. Indeed, some scholars have extended the application of these theories to examine human resource and PMS processes in emerging nations (e.g. Mellahi, Frynas and Collings, 2016; Varma, Budhwar, & Singh, 2015); there is a critical need to conduct a lot more PMS-related studies in other national contexts so that scholars can develop indigenous theoretical models to help us better understand how the various components of PMSs operate in these nations.

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Next, given the fast-moving changes in the workplace (technological developments, globalization, COVID-19, etc.), it is critical that we examine innovations in PMSs across the globe to better understand how different types of organizations in various nations are addressing the changing nature of performance by developing appropriate PMSs. For example, there have been some attempts to understand the specific context and processes involved in the PMSs for expatriates (see, e.g. Kang and Shen, 2016; Patel, Varma, Sengupta, Prikshat, & Park, 2021; Martin and Bartol, 2003). However, there is still a need to identify the key determinants and dimensions of expatriate performance and success, as well as the contextual impact of the culture and work practices of different nations (Budhwar *et al.*, 2017).

Of course, COVID-19 has impacted the world of work around the globe (see, e.g. Zhang & Varma, 2020) and continues to force organizations to re-think the traditional model of work and where and how it is done. Indeed, many organizations have adopted work-from-anywhere models whereby individuals are allowed to work from home or another remote location (see, e.g. Choudhury, Foroughi, & Larson, 2021). Clearly, the move to work from anywhere means that PMSs will have to be re-visited, re-aligned and re-designed as necessary. When workers being away from the workplace, they will have fewer chances to interact with their supervisors and colleagues, which will impact the type of relationship that develops between them and their supervisors (see Varma, Patel, Prikshat, Hota, & Pereira, 2021). Further, the limited opportunities to interact would necessitate modifications in numerous other PMA-related practices and processes, such as goal setting, feedback and performance evaluations.

Finally, the growing use of technology in PMS-related processes requires a new way of thinking about these processes and close examinations of the cognitive processes involved in technology-based performance monitoring and evaluation (see Norlander *et al.*, 2021), including user comfort, responses and satisfaction. What is clear is that the move to technology-based PMSs requires complex interventions rather than a simple transcription of documents and forms from traditional to web-based systems.

### Emerging key themes

Over the past few years, several themes have emerged relating to PMSs. I address each of these briefly in the section below.

- (1) First, perhaps the most critical development in performance management has been the renewed attention paid to training users of the PMSs. While numerous organizations seem to want to blame the PMS when their practices don't bring the expected results, what is becoming increasingly clear is that the system is not the problem. Instead, it is the lack of training provided to those who use the tool that ends up resulting in the rejection of the system by both the rater and the ratee. Clearly, having a well-designed PMS that reflects the philosophy of the organization is going to go a long way in helping the organization administer a just and equitable PMS. However, without the appropriate training in using the tool as well as in understanding the company's philosophy regarding PMS, the tool will continue to fail.
- (2) Next, in recent times, we have seen how well or poorly organizations respond to environmental changes. The advent of COVID-19 a couple of years ago laid bare the lack of preparation that most organizations have in terms of dealing with such changes. As COVID-19 required organizations and individuals around the world to change the way they work, many organizations were found wanting in terms of developing appropriate systems to measure and evaluate performance in the new reality. As most people switched to working from home or in hybrid mode, PMS and

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its related components were found to be rigid and unable to respond to the changes. Clearly, organizations need to be more proactive and be prepared to be agile enough to update and adapt their systems as and when changes happen in the environment. As an aside, all of us are used to receiving updates from technology companies on a consistent basis – sometimes more than once a day. HR systems also need to be treated the same way, with regular updates as necessary.

- (3) In spite of intermittent disruptions in global inter-country relations, the fact is that the world keeps getting closer due to advancements in technology and travel. This means that corporations are increasingly able to access markets around the world, and consumers in countries around the world now have more choices in terms of the products they may consume and purchase. The movement of labor at all levels is also a corollary to this increasing globalization. This, of course, means that organizations need to respond appropriately and develop systems and processes that can address the needs of migrants and expatriates and the global organizations that employ them. Again, despite a substantial body of research emerging over the last few decades, corporations often struggle to develop appropriate systems. Too often, organizations seem to want to take domestic systems, including performance appraisal forms and simply adapt them for use in the global context without necessary adjustments. Clearly, they need to go much beyond simply changing certain words on the forms and account for the context in which expatriates and migrants operate.
- (4) One of the critical outcomes of empirical research is the development and refinement of related theories. Over the years, performance management research has incorporated and employed several theories, such as the leader–member exchange theory to understand workplace relationships and other phenomenon that impact performance. However, too often, the effort is limited to taking theories developed in the West, more specifically in the United States of America and simply apply them to other contexts and countries. While there is no doubt that this process does help us learn more about these countries and their PMSs, scholars would do well to go beyond simply adopting or adapting Western theories and instead try to understand homegrown theories, such as Guanxi, in China.
- (5) Without a doubt, technology has had a huge impact on our world and the way we do work. As I noted earlier in this article, the speed of technological advancements has brought the world closer and now allows us to interact with our counterparts halfway around the world in an instant. Clearly, this has had an impact on work and how and when it is done. As an example, numerous global corporations can now take advantage of the fact that, as one part of the world goes to bed, the other part is waking up. Therefore, an engineer in California, USA, can send her data and work to her counterpart in India and the counterpart and then work on it for the next eight hours while the engineer in the USA is off work. Clearly, used appropriately this can double our output and beyond. However, while this might sound simple to do, there are related complexities. The fact that not everyone around the world speaks the same language, or even understands language the same way, and the fact that technology can also get in the way of performance. As an example, not everyone has access to the same level of broadband or sophisticated machines. This sometimes can result in roadblocks in the workflow.
- (6) Next, as I noted above, the pandemic disrupted life worldwide for almost three years. Without a doubt, this had a huge impact on the design of work and how work was done. Some jobs lent themselves very easily to being done from home, while others did not offer this option. In many cases, organizations switch to the hybrid mode so that the manager has some amount of control and interaction with his subordinates. All of

these changes required ways of thinking about work, defining work and defining and measuring performance. However, the little research that we do have at this stage does not seem to reflect commensurate changes in managers' thinking and behaviors. As an example, we have recently heard of several companies insisting that everyone return to work physically, even when the work itself does not require their presence at work. This points to a bigger issue – decision-makers' mindsets need to change if we are to successfully navigate through future environmental challenges.

### Articles in this special issue

In this issue, I am proud to present three articles authored by well-known scholars in the field of human resource management.

First, Kevin Murphy and Angelo Denisi, in their paper "New Approaches to Dealing with Performance Management: Getting Rid of Performance Appraisals is Not the Answer," remind both scholars and practitioners that performance management, more specifically performance appraisal, needs to be fixed, not eliminated. The authors acknowledge that there are issues and problems with performance appraisals, but that this is still a critical tool that organizations need to effectively manage employee performance.

Next, the second paper included in this special issue is authored by Herman Aguinis and Jig Burgi-Tian and titled "Performance management around the world: solving the standardization vs adaptation dilemma." These authors address a continuing debate in performance management practice and scholarship – the dilemma that managers face when they must standardize their PMS procedures and practices and yet allow these to be flexible enough for use at their various locations across the globe. These authors offer five universal principles of PMSs to help organizations adapt their PMSs to their numerous locations around the globe, based on five critical factors: (1) cultural congruence, (2) strategic congruence, (3) performance evaluation thoroughness, (4) inclusiveness and (5) effective feedback.

The third and final manuscript by Vaz *et al.*, titled "Unbundling the complexity of performance management of healthcare providers in the Middle East," addresses the subject of PMS in a hitherto understudied geography – that of the Middle Eastern context. Using a qualitative approach, these authors identified several challenges faced by managers in the Kingdom of Saudi Arabia and the United Arab Emirates when it comes to implementation of PMS – (1) lack of communication, (2) lack of goal setting and (3) failure to establish clear performance standards.

Overall, it is clear that the last few years have birthed numerous innovations in PMSs (or parts thereof) to respond to the challenges and developments in the environment that impact the workplace, and especially the individual employee and his/her performance. Following the above discussion, this special issue has been developed to create an opportunity to fill the gaps in the extant literature by assembling conceptual, theoretical and empirical manuscripts related to innovations in PMSs around the globe. I am confident that the readers will find lots of useful material for practice as well as scholarship.

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He has also published over 50 book chapters, and co-edited 7 books, including *Performance Management Systems: A Global Perspective*, Global HRM Series, London: Routledge, ISBN: 978-0415771771 (2008), *Spirituality in Management: Insights from India*, London: Palgrave MacMillan, ISBN 978-3-030-13984-1 (2019), and *Indian Business: Understanding a Rapidly Emerging Economy*, London: Routledge, ISBN 978-1315268422 (2019).

Dr Varma has co-edited special issues of several leading refereed journals, including *Asian Business & Management*, *Human Resource Management*, *Human Resource Management Journal*, *Human Resource Management Review*, *International Journal of Human Resource Management*, *International Journal of Manpower*, *Journal of Intellectual Capital*, *Journal of International Management*, *Journal of Knowledge Management*, *Journal of World Business*, and *Personnel Review*.

He has also won multiple awards for teaching, research, and service, including the 2017 Alumnus Award for Academics from his alma mater, XLRI. In 2018, he spent 6 months in India, as a Fulbright Scholar.