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Does Cultural Diversity Require Performance Management System Adaptation?

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Background

This paper explores whether performance management requires adaptation in light of the presence of cultural diversity in the workforce. The key finding in this study is the suggestion that it is unnecessary for Irish hotels to adapt their performance management systems to cater for diverse cultures in their workforces.

Performance management can be thought of as a continuous, comprehensive, managerial process, the purpose of which is the alignment of individual objectives with those of the organisation. Performance management also serves as a method by which the expectations of both the employee and employer can be clarified (Armstrong 2009). Essentially, performance management is concerned with establishing an understanding of what is to be achieved, and how (Weiss and Hartle 1997), the underlying premise being that performance management ultimately serves to add value to the organisation (Nudelman 2008).

There is no universal agreement on a single method for managing performance. The approach that organisations take should depend on the context of the organisation (Armstrong and Baron 1998). Regardless of the approach, performance management has been proposed by Walker (2007) as being the single largest contributor to organisational effectiveness. It is also argued that the overall effectiveness of an organisation is reflected in its employees' performance, and the ability of management to inspire that performance (Constantinou 2004).

Cultural diversity is proposed to influence the behaviour of employees in the workplace, and result in employees being motivated to perform in different ways at work. This has a direct impact on performance management, as performance management deals with the challenges organisations face in defining, measuring and stimulating employee performance with the ultimate goal of improving organisational performance (den Hartog et al 2004). Essentially, some methods of performance management may not be acceptable to all cultures (Hofstede 1999).

Individual-based performance appraisal may be inappropriate in collectivist cultures, which place strong values on group cohesion, as singling out an individual from the group, rather than appraising the group as a whole, interrupts group harmony. Additionally, in high power distance cultures, it is considered inappropriate for superiors to directly criticise a subordinate's work, and vice versa, rendering the widely adopted 360-degree method of performance appraisal potentially unsuitable.

In relation to providing feedback, organisations are faced with a cultural minefield (Schneider and Barsoux 1997). Feedback perceived as critical or negative may not be well received by employees who come from countries which have been categorised as feminine. Feminine cultures place great emphasis on good working relationships, meaning 'negative' feedback may damage superior-subordinate relationships, as subordinates may take it more personally.

Additionally, participative goal-setting, which is a common technique for increasing commitment to goals, may not be as effective in high power distance cultures, where employee participation is not the norm. Similarly, employees from strong uncertainty avoidance cultures, in which the unknown is feared – for example, the unknown consequences of failure to reach goals which the employee was involved in setting – may exhibit reluctance in participating, instead preferring assigned goals.

Reward preferences are also said to vary across cultures (Aycan 2005, Chiang 2005). Feminine cultures, for example, are concerned with work–life balance, while masculine cultures exhibit preferences for rewards related to status and materialism, and individually-based performance reward systems. Cognisant of these potential difficulties, it has been previously suggested that one way in which organisations can support workers from different cultural backgrounds is to adjust management systems (Melia and Kennedy 2005).

This paper investigates whether cultural diversity in a workforce necessitates adapting current performance management systems in use in Irish hotels in order to cater for cultural differences. The hotel sector was chosen because of the large number of migrant workers employed in this industry. Although Irish based, the lessons learned are of use outside of the Irish context, and outside of the hospitality industry context.

Methodology

A number of four- and five-star hotels were chosen for inclusion in the research, with nine hotels participating. Hotels with a rating of four stars and above offer a high quality of service, which is dependent on their workforce. Criteria for inclusion in the research were that each hotel had to have a performance management system in place, and a minimum of four different cultures represented in their workforce, to ensure cultural exposure.

In-depth interviews were deemed most appropriate for this study. Ten interviews were conducted with managers of hotels in two large cities and three large towns, specifically Cork city and county, Dublin, Kildare, Galway and Ennis. In-depth interviews were also conducted with 23 non-Irish employees in the same hotels. The inclusion criteria for employees were that they were non-Irish, had been employed in the hotel for more than a year (to ensure they had experienced performance management in the hotel), and had similar work experience in their home country to enable comparisons between home and host countries. The employee respondents were from Poland (8), Slovakia (3), Hungary (2), Mauritius (2), China (1), Germany (1), Italy (1), Latvia (1), Lithuania (1), Spain (1), the Philippines (1) and Sri Lanka (1).

Key findings

1 Performance management systems in use in the hotels

In five of the hotels, two types of performance management systems were in use: one for new employees, and one for established employees. In four of the hotels, the system for new employees hinges on what the managers referred to as ‘job chats’. Job chats are part of the performance management process in these hotels, but are informal chats concerning performance, rather than formal documented conversations. Job chats serve to update the employee on their progress and performance, while enabling the manager to uncover any issues which may be impairing the employee’s performance. Job chats may be a useful means of introducing employees who are unfamiliar with performance management to the process. Indeed, five employees reported that performance management is not conducted in their home countries, and their first encounter of the process was in Ireland. Job chats may be useful in assisting managers in informally familiarising these and similar employees with the process, and acclimatising them to open communication between superiors and subordinates. This may be particularly useful for introducing the concept of two-way communication to employees whose culture dictates deference to authority, as these cultures may avoid making suggestions as they may believe that doing so would be viewed as challenging the authority of their superiors. The fifth manager who spoke of a dual-phased approach did not refer to

job chats, but did outline a smaller type of performance review, which appears quite similar to job chats.

Managers from each hotel outlined the use of participative performance appraisals with an element of self-rating or self-assessment by employees. Providing employees with the appraisal form prior to the appraisal interview should, if the form is adhered to, remove any ambiguity and uncertainty employees may have surrounding the process. This is particularly relevant for employees who have not experienced performance management in their home countries. Indeed, this practice should prove as beneficial to new Irish employees as to the non-Irish employees, as the removal of ambiguity and uncertainty should result in employees becoming more open to the process. Employee participation may also afford managers an opportunity to uncover work-related issues faced by employees that may be impeding their performance. Their use, however, assumes that all employees are comfortable with a participative process.

2 Is alteration of performance management systems to cater for national culture necessary?

Hotels in this study had not altered their performance management systems to cater for different cultures. Significantly, findings suggest that it may not be necessary for hotels to do so. Managers did not deem adaptation necessary, nor did the majority of employee respondents. Seven managers suggested that doing so would serve to emphasise differences among employees in a negative rather than positive manner. It was further suggested by one manager that adjusting the performance management system for cultural differences is inadvisable as all performance management systems need to be comparative, transparent and consistent.

The remaining three managers suggested that cultural diversity may necessitate making very small changes to certain aspects of the performance management system, but, overall, the process can remain unchanged. These small changes included, for example, simplifying the performance management system by turning it into a question and answer type format, having one block of objectives rather than multiple sets, and going through procedures such as the induction handbook with new employees thoroughly to ensure that non-native English speakers fully understand the documentation. It is noteworthy that these modifications reflect changes centred on language and understanding, rather than cultural adaptation. These three managers further asserted that regardless of national culture, individuals may be influenced by the culture of the organisation, proposing that employees largely integrate into, and adapt to, organisational culture. It is indeed arguable that employees will come together to form their own culture in an organisation, particularly full-time employees who work together each day, and form new rules and norms. The primary implication of these suggestions is that if employees are influenced by organisational culture, or collectively form their own work-centred culture, adaptation to reflect individual national culture may be unnecessary.

Interestingly, employee responses were in agreement with the managerial respondents. Nineteen of the twenty-three employees stated that they have no desire for the hotel to change performance management practices or any aspect of their management. Throughout the interview process, employees expressed contentment at being able to openly communicate with their managers, and being able to discuss problems with them. Many employees also highlighted the large communication gap between management and employees in their home countries and indicated a preference for the informal approach to communication between management and staff in Irish hotels. The interviewees contended that the foundation of a successful performance management system is communication, as good two-way communication is necessary for feedback, participating in goal-setting and general discourse during performance appraisal. The preference for a smaller gap

in power suggests that the adaptation of performance management systems is not always necessary, even for those cultures who are accustomed to large power distances in organisations. One employee summed up the opinions of these 19 employees neatly with the following statement:

I'll put it this way: you can put the leopard into a different jungle, and he will never lose his spots. Same for me, wherever I go, my culture is my culture. My accent is my accent. They don't need to change. When you go to Rome you have to be like Caesar. So, the culture stays the same, just the place is different. The leopard still has his spots; he is just in a different jungle (Employee M, Sri Lankan, Hotel F).

The remaining four interviewees who mentioned that they would like to see changes made reference to changes in work practices, such as, for example, additional time off around specific religious festivals, and did not specify any changes in relation to performance management systems.

3 Goal-setting, feedback and reward: does national culture impact their use?

Two managers suggested that non-Irish employees may struggle with participative goal-setting. The remaining eight did not believe that employees from some cultures react differently to goal-setting, nor had they experienced or encountered employees from any culture having any issues with goal-setting. The majority of managers proposed that once the goal-setting system in the hotel is fair, and employees receive equitable treatment, there is no reason for any employee, regardless of culture, to be dissatisfied with the process. Moreover, one manager suggested that individual people regardless of culture may take exception to goal-setting practices, proposing that employees across cultures will challenge things, rather than all employees from a particular culture.

Additionally, employee respondents outlined a number of different goal-setting techniques used in their home countries, indicating that goal-setting is not a standardised process. If goal-setting is not a standardised process in their home cultures, employees may be used to adapting to different processes or systems.

Regarding giving and receiving feedback on performance, responses were similar to those concerning goal-setting. Managers proposed that one of the main purposes of providing employees with feedback is to assist in career development, and further suggested that if employees do not avoid negative feedback, it can be used as a useful learning experience. Five managerial interviewees were of the opinion that different individuals react in different ways to feedback, rather than different cultures. Three managers further believed that reactions to feedback are dependent on the manner in which it is delivered by the manager, rather than being as a result of the employee's national culture, while another specified that reactions to feedback are very much a personal, individual concept, rather than being culturally dictated.

In contrast, two managers did believe that different cultures do react differently to feedback. In particular, one manager suggested that, in their experience, employees from Asian cultures are 'more devastated' than Irish employees if they get 'negative' feedback. The second manager suggested that Irish and Sri Lankan employees 'love positive feedback'.

Overall, managers summarised that employee reactions to feedback are largely dependent on the ability of managers to give feedback, rather than dependant on national culture. Interestingly, employee responses echoed the views of their managers. While one employee deemed feedback irrelevant, ten employees suggested that 'negative' feedback is the most important form of feedback, as making individuals aware of their mistakes should ensure that these mistakes will not happen again. Many employees had experience of receiving feedback on performance in their home

countries, and again outlined that there was no universal practice for this activity. The majority of employees expressed satisfaction in the manner in which feedback was given to them in their current Irish hotels, and summarised that they prefer the Irish system of giving feedback. Interestingly, one respondent suggested that individual employees may be more sensitive to receiving negative feedback rather than all employees from one culture. The divergence of opinions between employees regarding feedback practices in their home countries, feedback practices in Ireland and their preferences for different forms of feedback again serve to suggest that employees are capable of adapting to various means of receiving feedback. Again, the implication of this finding is that it is unnecessary to adapt the methods in which feedback is provided to take account of various cultural differences.

Questioning regarding reward preferences drew significant differences in opinion from managers and employees. While just one manager considered financial reward important, almost half (ten) of the employee respondents considered it important, indicating that some managers may be unaware of what motivates their employees, and so may not be using reward as an effective motivator. One employee considered rewards irrelevant, stating that he would perform in the same way with or without reward. Of the remaining employees, a variety of rewards were deemed important. Ten employees deemed financial reward important, while in contrast, four employees did not consider it important. Eight employees regarded positive feedback, or recognition from their manager, as a good reward or a positive motivator, and five employees considered extra time off or breaks away as motivating rewards. Three employees were of the opinion that the type of reward given is irrelevant, believing any reward will serve as a motivator. Interestingly, one of these three employees was Chinese, and gave examples of individual rewards, such as a movie ticket, or '*something you can really enjoy*'. This indicates a preference for individual reward, which is in contrast to literature which suggests that as an employee from a collectivist culture, a preference for group reward should have been expected.

Other rewards considered important included vouchers, promotion, empowerment, training and satisfaction derived from happy customers. With such a wide variety of reward preferences, attempting to alter this aspect of performance management may prove a futile exercise. Meeting each employee's preference is unlikely, and employees from the same or similar cultures expressed different preferences, thus, attempting to cater for employees from a particular culture would be difficult. Further, as employees from similar or the same culture expressed different preferences, weight is added to the argument that individuals express preferences as a consequence of their individuality, rather than because of a cultural constraint.

Conclusion

According to existing literature, cultural diversity requires adaption of management systems, including performance management. This research suggests that adaption of performance management systems to cater for employees of different cultures may be unnecessary. Based on employee responses, doing so may have a detrimental effect, as the majority of employees stated that they have no desire for changes to be made. A number of employees expressed preference for their experience of performance management in Ireland over their experiences of performance management in their home countries. This appears to contradict existing research, which suggests that management practices and theories are not transferrable across cultures. This constitutes the core finding of this paper, and calls for significant further study on cultural diversity and other aspects of management.

Of further significance is the suggestion by a number of managers that employee behaviour stems from their individuality rather than national culture, an assertion borne out by employees on a number of occasions, some of whom also expressed an opinion that employees react to situations in certain ways because they are individuals, not as a result of cultural constraint. This, again, suggests that performance management adaption may be unnecessary, if not perhaps unwise, as employee perceptions are influenced by individuality rather than culture.

Finally, a number of recommendations for practice can be made. First, job chats are advocated as a method organisations can use to communicate with employees the purpose of performance management, with the intent of increasing both understanding of, and buy-in to, the process. Additionally, while employees in the study had no desire for a change in performance management practices in their respective organisations to cater for their culture, a number of steps taken by hotels to encourage inclusiveness of diversity were outlined. A resulting recommendation is that practitioners facilitate inclusiveness of diversity, regardless of whether managers believe diversity requires management.

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