

THE CHALLENGES THAT GLOBAL
ORGANISATIONS MAY ENCOUNTER IN
OPERATING A PERFORMANCE MANAGEMENT
PROGRAMME ACROSS ALL OF THEIR
OPERATIONS

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The challenges that global organisations may encounter in operating a performance management programme across all of their operations.

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THE CHALLENGES THAT GLOBAL ORGANISATIONS
MAY ENCOUNTER IN OPERATING A PERFORMANCE
MANAGEMENT PROGRAMME ACROSS ALL OF THEIR
OPERATIONS

GLOBAL PERFORMANCE MANAGEMENT PROGRAMS REQUIRE LEADERS' GLOBAL UNDERSTANDING

Effective performance management is at the core of companies' success, therefore handling talents carefully must be a daily task that a capable leader should be aware of, but not all employees behave, work and feel the same, especially if we are in a global context. Organisations nowadays must face a changing environment to which they have to adapt rapidly if they want to remain competitive in their markets. Each country has its particularities and its culture that have to be interpreted by leaders when they deal with people and operate a Performance Management Program (PMP). In fact, Johnson (2006) points out that Cultural Intelligence (CQ) has been considered an essential cross-cultural competence for international business leaders.

It is evident then that CQ is vital but is also clear that business theory has failed to focus properly on it. Since the majority of global leadership studies are undertaken in western countries ideas that come from those studies, do not entirely apply to leadership in the rest of the world (Li, Wang, & Mobley, 2012). That lead us to a central challenge in operating a global Performance Management Programme which is understanding cultural behaviours and adjust our leadership models to direct and coach people while respecting beliefs and personal essences. A recent study carried out with 17 executives from global organisations shows that just half of them thought they were prepared to recruit, train, and development talents efficiently for different geographies (McKinsey&Company, 2012).

GLOBAL PERFORMANCE MANAGEMENT PROGRAMS REQUIRE LEADERS´ GLOBAL UNDERSTANDING

If top global leaders keep being trained and educated to manage just Western personnel and companies, they will not be able to understand global environments and adequately recognize diversity. Therefore, they will not be ready to conduct a company and to harmonize workplaces. A study developed by Singapore´s Ministry of Manpower (MOM) show that 87% of firms surveyed agreed that workplace harmony was relevant to business outcomes, due to well-managed diverse teams that outperform homogeneous are more creative, and capable of problem solving (Manpower, 2010).

Leaders have to be prepared to deal with diversity since managing multiplicities include managing cultural differences, genders, ethnic group, personality, education and so forth. Diversity is not just a local issue. It is present at all levels, national, organizational, team, and individual” (Li, Wang, & Mobley, 2012)

OPERATING A GLOBAL PERFORMANCE MANAGEMENT PROGRAMME IMPLIES CHANGES AND MOTIVATION

It is not just adapting to countries' cultures that a Performance Management Programme must be conceived. It would not be global if a company just create a PMP for each place it has operations. There- is a mismatch between traditional working practices and the actual realities in the global economy (Lewis & Cooper, 2008). Managers cannot be blind to what is happening and how technology is integrating the world. Thus, if they want to set a PMP with a global emphasis they must work not only on comprehending each place's culture but also on implementing changes among their teams, and if necessary even crafting the culture of the company to make it global.

Organisational change has escalated since the beginning of the century. In fact, the pressure to change is now so standard that it is necessary to create processes and cultures where continuous change can be implemented (Elearn, 2005). Nonetheless, unceasing change throughout organisations has also generated greater demands and stresses on executives (Sablonniere, 2012). As consequence, change has a dual function in performance management. On the one hand, the resistance to it is an obstacle to implementing Performance Management Programmes. On the other hand, with the implementations of correct performance management processes leaders can fight the fear to change (Ashdown, 2014).

OPERATING A GLOBAL PERFORMANCE MANAGEMENT PROGRAMME IMPLIES CHANGES AND MOTIVATION

But resistance to change is not just an employee decision, leaders have an important role in showing change as an opportunity rather than a negative issue that could affect how they normally do their job or even how they will spend their time at work. Habits are hard to change since they are not a conscious decision on how to carry out a particular task, but rather a conduct activated automatically (Polities & Karahanna , 2013). For instance, asking a worker to stop performing an activity in the way he has been doing it for years it is something that cannot be easily assimilated and that can trigger negative behaviours. That may happen when a human job o process within an organisation is automatized by what Zammuto (2007) describes as an IT system, the typical reaction of the worker would be rejection. Here is when the real challenge appears and when a leader must come into action.

In words of Riggio & Tan (2014), leadership is the individual's ability to influence, motivate, and represent a group toward the accomplishment of shared ideas and goals. Thus, global and local leaders have the responsibility to guide their teams and introduce them into changes in a way that they would not be overwhelmed and felt unnoticed.

Transformational leaders can share a compressive vision of the future. If team members have input into the group's vision, they feel appreciated, and the relationship between managers and followers is improved” (Giltinane, 2013)

SETTING MEASURES AND KEY PERFORMANCE INDICATORS (KPI) IN A GLOBAL ORGANIZATION

The final challenge that we are going to analyze that global organisation may encounter when operating a Performance Management Programme is how to measure performance and how to create and control Key Performance Indicators (KPI).

Performance appraisal is a fundamental element of any performance management system that works as an instrument to measure and conquer performance expectancy. Therefore, one of the challenges and goals of leaders is to attach and motivate people towards accomplishing organization's objectives and targets through the implementation performance appraisals. (Daoanis, 2012).

Global leaders then must guarantee that any operation they are immersed in, its people are correctly evaluated since a corrupt appraisal system may affect the performance of the whole company due to people 's necessity of improvement would not be timely detected. Armstrong, (2006) defines performance appraisal as a tool to find on time what needs to be done by people to achieve the purpose of their job. Likewise, in a larger scale appraisals are also instruments for looking forward what needs to be done for the company to attain its strategic objectives and goals.

SETTING MEASURES AND KEY PERFORMANCE INDICATORS (KPI) IN A GLOBAL ORGANIZATION

As stated before it is crucial for a global company to keep tracking and measuring performance in all its operations, here is where Key Performance Indicators are required. KPIs are those indicators that concentrate on the most critical aspects of organisational performance that may affect the company's present or future (Parmenter, 2015). Therefore, leaders have to be careful when choosing them because they could have a significant impact on teams' performance. Parmenter (2015) also argues that measures should be tested to confirm that it produces the desired behavioural outcome among the workers, otherwise they could lead to dysfunctional behaviours.

The concept KPIs seems to be clear and its importance indisputable but how managers are going to analyze information if they do not keep it, organize it or process it correctly. The collection and organization of data are critical to getting the outcomes needed. Hence, defining Key Performance Indicator is crucial, but it is also vital to be clear on which information is required, where could it be found and how it is going to be collected and analysed. "A key performance indicator must be based on legitimate data and provide context that echoes business objectives" (Lake, 2016).



DEALING WITH CHALLENGES WHEN IMPLEMENTING A
PERFORMANCE MANAGEMENT PROGRAMME

PERFORMANCE MANAGEMENT FROM A GLOBAL PERSPECTIVE

Managing people in a global context requires that you make them feel valued, needed and respected. It demands systematic and continuous change. According to Li, Wang, & Mobley (2012) The capability to elucidate and forecast individual differences in the ability to network with people who are culturally different has a vast potential for leadership. Managing and structuring Performance Management Programme requires then to be open to comprehend and tolerate differences. In other words, to understand what Williams & O'Reilly (1998) refers to "diversity" which is the composition of the employees regarding any attribute that another person may use to detect individual differences.

To implement a PMP in a global context, leaders have to be fair and equal in the treatment of individuals within organisations. To attain equity in diversity, efforts must focus on structural, procedural and distributional adjustments tending to reach parity between groups (French, 2005).

Day (2007) has an interesting description on how leaders in a global context can face the challenge of dealing with cultural and racial differences within an organisation. The researcher identified two different approaches to looking at the topic, the defensive and the developmental. The first one treats differences as hazards that can lead to conflicts, misunderstandings, and even resentment; therefore, handling diversity under this approach means avoiding situations like offenses between groups or individuals, grievances, and harassment.

PERFORMANCE MANAGEMENT FROM A GLOBAL PERSPECTIVE

On the other hand, the developmental approach considers cultural differences as “potentially different values, assumptions, expectations and behaviour which people bring to business as a result of their differing collective experiences” (Day, 2007).

The interesting point of the developmental approach is that companies that adopt it believe that regardless differences among the members of a company people are not there to represent a group, race or culture, at work they represent themselves and its differences instead of being hazards enrich the organization with new perspectives. Organizations employing diverse manpower can provide a greater variety of solutions to problems. "Employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to changing markets and customer demands" (Greenberg, 2016).

Easley (2001) suggests that an organizational development approach to equity management that recognizes differences in culture and behaviour through the use of strategic actions is critical for real change. It means that for a Performance Management Programme to be successful, concepts like equity and diversity must be aligned to the strategic path and actions of an organisation and also must be taken into real implementations. In other words, it is a responsibility of leaders to stop just talking about fairness and equality and take substantial steps to make them a reality in a developmental approach.

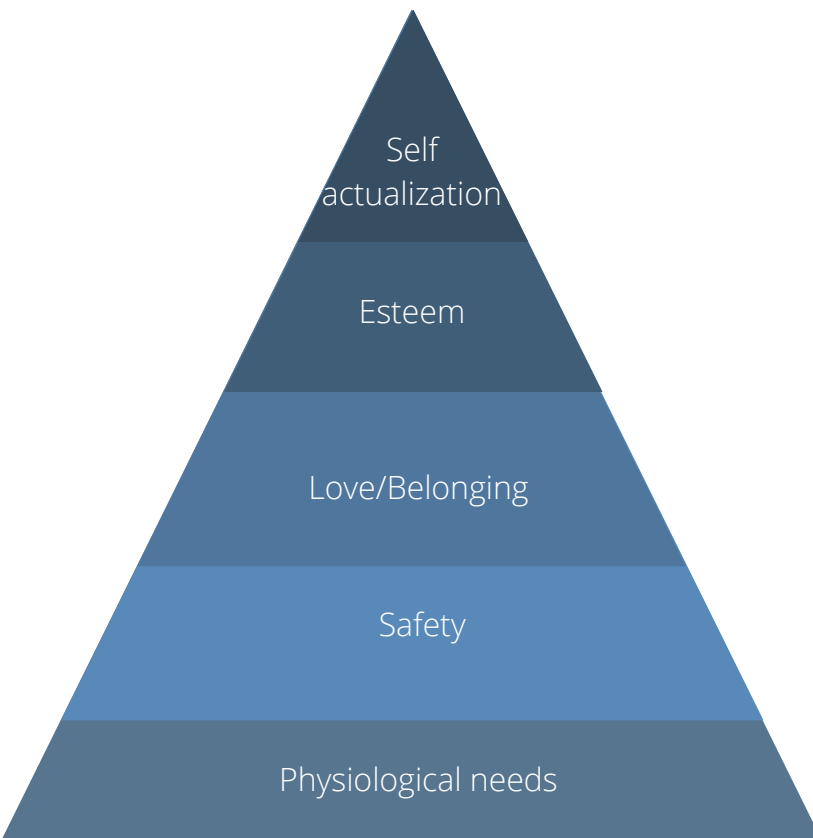
MANAGING CHANGES THROUGH MOTIVATION AND COACHING

Motivation can be easily described as the direction and persistence of action (Kast & Rosenzweig, 1985). In other words, it is the reason why people choose a course of action among others. Hence, there is a close relation between motivation and performance.

Since classical theories like Theory X and Theory Y in The Human Side of Enterprise (Mcgregor, 1960) management has been viewed as an applied behavioral science and as such, human nature plays an important role in any company's performance.

To evaluate the extent to which motivation can be used in a global organisation to support change related to a Performance Management Program first. I am going to use the traditional but still valid Maslow's hierarchy of needs theory (Maslow, 1954) and make a personal adaptation to represent what could be motivational for a worker in a global context, and therefore what companies should offer.

MASLOW'S HIERARCHY OF NEEDS THEORY



Self-actualization: The worker should feel identify with the company and its vision. Should be in a position that could help and inspire others. They should be heard and included in innovation processes.

Esteem: A company in a global context should reward efforts and achievements. It should promote equality and respect regardless culture, religion, differences, disabilities or race (inclusive organization).

Love and Belongings: A cross-cultural organisation should allow and encourage workers to spend quality times with their families and work on friendships among colleagues including those who are not from the same region.

Safety: Remunerations on a Global organisation should be higher than the market, they should have saving programs and support to worker´s families.

People should be allocated in a region where they feel comfortable and has covered all their basic needs.

Figure 1: Personal adaptation of Maslow's hierarchy of needs theory.

MASLOW'S HIERARCHY OF NEEDS THEORY

As shown above, if all the needs are covered, no matter if we are talking about a global or a local business, in theory, workers should be motivated and thus open to changes. That sound to simple, however, the real problem here is how companies can fulfill the employee's needs which be located at the top of the pyramid, especially when change arises.

Studies developed in Taiwan in 2009 showed that organizational change had a substantial negative influence on employees' trust and job connection (Yu, 2009). That impact goes directly to the top layers of Maslow's Pyramid, therefore cannot be satisfied with money or any material good. It is here when concepts like coaching come into play.

Coaching is intended to change features of performance, growth, and even transformation of individuals and groups, which can then impact changes in companies. The best results of coaching happened when people proactively involve and are willing to cooperate.(Bennett & Wayne, 2014). As change nowadays is the natural state of global economies, the use of tools like coaching can be the answer to a smooth implementation of change, especially for those executives that are truly involved in the company and have an interest in the organisation's future. Bennett & Wayne (2014) also identify some points where coaching could be crucial when implementing change; it helps to clarify the role of the leader in a change initiative and can be useful to cope with resistance.

MASLOW'S HIERARCHY OF NEEDS THEORY

But coaching does not work alone on dealing with change, for a decisive implementation it must be accompanied by a strong leader figure, a leader with soft skills those such as empathy, resilience, active listening, assertiveness and capacity to cope with conflict (Riggio & Tan, 2014).

According to Gilley, Gilley, & McMillan (2009), one of the biggest obstacles to change is the behavior of leaders. If they do not approach to change in the right way change will never be successful. The authors also identify four behaviour that should be present in leaders when implementing change initiatives: "communicate frequently and enthusiastically, motivate employees, build teams and act as coaches."

SETTING THE RIGHT MEASURES AND KPI TO EVALUATE PERFORMANCE

Broad literature has been written on performance measurement and KPI, but most of them fail in to provide a logical sequence to design useful KPIs. Rasmussen, Chen, & Bansal (2009) list ten simple steps that should be considered to create the KPI for an organisation. Those steps go from building a team to define the KPIs, passes over the creation of metrics and finalize documenting the architecture of the dashboard. In theory, it seems to be easy work. Nevertheless; measuring needs more than a business recipe, it requires a depth knowledge of the company and the industry, they also have to be periodically reviewed.

KPIs that should be presented to the Board are those that allow them to evaluate progress against defined strategies (Pwc, 2016). It is not about having figures and loads of information; it is finding the ones that provide necessary information. Neither It is not just having a diverse set of "KPI" that could improve the company´s performance. What matters and what should be a priority for leaders is to design the right ones, those that effective leaders can use to generate improvements and take decisions. KPIs work as snapshot of their business operations If they are aligned they can provide vital information about how the organization is attaining its goals (Collins, Hester, & Ezell, 2016).

SETTING THE RIGHT MEASURES AND KPI TO EVALUATE PERFORMANCE

KPIs are the reflect of the strategy implementation and could help us to trace if strategic actions are taken place and if those actions are given the expected results. Effective leaders should be able to synthesize desired strategic outcomes in indicators. Nonetheless, what really matter apart from taking actions when indicators are not being accomplished is to use them maintain them or change them if necessary. It is estimated that 70 % of performance measurement systems fail just after implementation (Nelly & Bourne, 2000).

Finally, there is a vital point that global leader must care about when thinking about design a set of KPIs and it is the source of the data. In most industries the data to calculate particular performance measures exists. The problem is that this data is spread all over the company sometime in inconsistent formats. (Nelly & Bourne, 2000). Here is when IT plays a vital part. In the opinion of the writer and product of his personal experience, if data can be manually manipulated outcomes will never be trustworthy. Therefore, the more automatized the information to obtain the KPIs can be calculated the more reliable it will be.

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