

---

HRM304 · SESSION 7 OF 11

# Performance Management & Rewards Across Cultures

*What counts as good work — and who gets to say?*

---

Lukas Wallrich · Birkbeck, University of London  
Visiting Lecturer · SWUFE · May 2026

# Today, in three parts

## What counts

What "good performance" means, and how we measure it.

## Take it apart

Redesign one real US-tech appraisal form for another country.

## Is it fair?

What we (should) actually reward: the result, or how it was achieved.

---

CHUNK 1 OF 3

# What counts as good performance?

*Before you can measure performance,  
you have to decide what you are even looking at.*

# Meet three engineers

**A**

Highest release and sales numbers on the team. A weak collaborator: others avoid working with them.

**B**

The team's strongest integrator. Holds projects together, but has weaker visible output of their own.

**C**

Technically brilliant, erratic. One innovation the firm adopted; one missed deadline that hurt.

*Same firm, same China subsidiary, different performance profiles.*

*You decide what it is worth.*



## GROUP TASK

## 小组任务

05:00 · 2-3 people

### RANK A · B · C — TWICE

First, **for this year's bonus**. Then again, **for who you would invest development in**. Give evidence for each ranking.

### HOW WE'LL DO IT

- ① Agree both orders as a group. They do not have to match.
- ② Discussion only. Be ready to call your order out.

# Rank them

**A**

Top release and sales numbers. A weak collaborator.

**B**

The strongest team integrator. Weaker visible output of their own.

**C**

Brilliant but erratic. One adopted innovation, one missed deadline.

---

**05:00**

Two orders — **bonus**, then **development**.  
One line of evidence each, not adjectives.

## REPORT-BACK

## 反馈

### CALL IT OUT

Your two orders: bonus, then development. Did they **diverge**? Why?

### YOU COULD ALSO SHARE

- ① A ranking your group argued about before agreeing.
- ② Whether you were focused on output, behaviour, or potential.

# There is no culture-neutral "performance"

**The criterion problem.** A rating quietly selects a mix of **outputs, behaviours, potential, and values**.  
Choose the mix and you have half-decided the score.

**Subjectivity invites noise.** The more subjective the criterion, the more a score reflects impression management, reputation, and politics rather than the work itself (Cardinaels & Feichter (2021)).

*Your rankings differed because you chose different criteria —  
not because anyone was wrong.*

# Two jobs, one form

## CONTROL

### Sort and allocate

Decide pay, promotion, and who exits. Looks backward; needs a defensible number.

## DEVELOPMENT

### Help people grow

Build learning and skill. Looks forward; needs candour and honest weaknesses.

*Candour drops the moment feedback sets pay ([Lockyer & Sargeant \(2022\)](#)). "Did it help me grow?" and "what was my bonus?" lead to different readings of a form - and different expectations.*



# Who rates whom?

## Self

Rate yourself.  
Assumes you will  
speak up for your  
work.

## Manager

The default. Their  
view usually sets  
your pay.

## Peer

Colleagues judge  
people they  
depend on.

## Upward

Reports rate the  
boss. Risky where  
hierarchy is steep.

## 360°

All sources at  
once. More views,  
more cost.

## Numbers

Hard system data:  
sales, output,  
tickets. Counts,  
but no context.

*Each source has its own bias, blind spots, and its own social risk.*

# Forced ranking is a tournament, not a scale

**The defining feature.** A **required distribution**: say 20% top, 70% middle, 10% bottom. Someone must land at the bottom.

**It raises stress and gaming**, worst where performance is subjective ([Cardinaels & Feichter \(2021\)](#)).  
Downgraded staff are 34%+ more likely to quit, so curves push out middle performers too ([Bond \(2026\)](#)).

**The arc.** GE's vitality curve made it famous → Microsoft drops it (2013) → Amazon tightens again (2025).

# 360° feedback travels badly

**Popular, for good reason.** Ratings from every side promise a fuller picture than one boss alone.

**High power distance.** Rating a superior candidly feels improper, so those ratings inflate or go missing ([Atwater et al., 2009](#)).

**Collectivism and face.** Naming a colleague's weakness in writing threatens harmony, so candour drops ([Eckert et al., 2010](#)).

*Appraisal that misfits the culture raises turnover ([Peretz & Fried, 2012](#)). The hardest feedback to give runs **upward**.*

# Should performance shape rewards?

## Pay-for-performance

### ANGLO NORM

Reward measured individual output.  
Buying **results**.

## Seniority-based

### JAPAN • PARTS OF CHINA

Reward tenure and loyalty. Buying **commitment over time**.

## Team / collective

### NORDIC TENDENCY

Reward the shared result. Buying **joint effort**.

*Key question: What is the firm actually buying with this pay?*

# When does pay-for-performance work?

On average, it helps, more for **task** work than for helping and teamwork ([Chen et al., 2023](#)).

But it can crowd out motivation for complex, identity-relevant work ([Deci et al., 1999](#)).

And culture moderates it. Individual pay paid off more in lower-power-distance, higher-future-orientation cultures ([Posthuma et al., 2023](#)).

*Incentives for complex work, in the wrong setting, can backfire.*

---

↗ *Haier's Rendanheyi ties pay to micro-unit profit ([Frynas et al. \(2018\)](#)).*

*We have seen what a performance system **assumes**.*

*Next: you take a real US-tech review process apart  
and rebuild it for a specific country.*



CHUNK 2 OF 3

# Take the process apart

\* *One real review process, one country.*

*Which features survive the move?*

# On the table: Google's review process

**A real, documented system.** Self-assessment, peer reviews, a manager assessment, calibration committees, a five-point impact rating, a "Googleyness" values rating, and a strong link to pay and promotion.

**Built on individualist defaults.** It rewards visibility, compares people against each other, and asks everyone to speak up for their own work.

*Which features travel badly within this industry?*

*How should they be adapted?*



# Every feature is a cultural bet

**Self-promotion** assumes people are comfortable advocating for their own work.

**Calibration** assumes ranking colleagues against each other reads as fair.

**Peer comments** assume candour about a colleague is socially safe.

**"Living the values"** assumes the values are shared and understandable for everyone.

*The process makes an argument about what good work is and who can safely judge performance.*

YOUR COUNTRY: CHINA · GERMANY · BRAZIL

Open the worksheet. Read each of Google's features, then redesign the process for your country: **change what does not fit, keep what does** — and give a clear reason for every call.



**Worksheet** — the process is inside it; mark each feature in place:

[swufe-cchrm.pages.dev/s7lab](https://swufe-cchrm.pages.dev/s7lab)

**THEN** Pick a spokesperson to present from the worksheet summary.

## REPORT-BACK

反馈

60–90s per group

### SHARE YOUR THINKING

Name your country, then your most important **change** and one feature you **kept**. Give the reason in a line.

### THEN LET'S COUNT IT UP

- ① Which features survived everywhere?
- ② Which were rejected almost everywhere?

# Was it culture — or institutions?

**Some changes are culture.** Directness, face, comfort with self-advocacy.

**Some are institutions, not culture.** Works councils, labour law, dismissal rules. Germany's co-determination is law, not "German culture."

**The real bind.** HQ wants comparable data → comparability needs standardisation → standardisation erases local meaning.

*No feature is culture-free, but some travel better than others: clear criteria, a right of reply, transparent calibration.*

*You have redesigned how performance is **judged**.*

*Next: what we actually **reward** — and how much of  
"good performance" the person even controlled.*

---

CHUNK 3 OF 3

# What do we reward, and is it fair?

*The result, or the way it was achieved?*

*And how much of it was luck?*

---

# Behaviours or outcomes?

## THE "WHAT"

### Outcomes

Results, KPIs, the number. Easy to count, so pay usually follows it.

## THE "HOW"

### Behaviours

Collaboration, mentoring, judgement. Harder to count, so it slips out of pay.

*Many coaches have a no a\*hole rule - but what does that mean in the workplace? And is it worth having?*

# Goodhart's law

**What happened.** Colonial Delhi paid a bounty on dead cobras. People **bred** cobras to claim it; the scheme was scrapped; the now-worthless snakes were released, leaving more cobras than before.

**The principle.** "When a measure becomes a target, it ceases to be a good measure" (Strathern, 1997).

**It happens in firms.** Wells Fargo's cross-selling targets drove staff to open about 3.5 million accounts customers never asked for (2017 estimate).

*An outcome metric does not just measure work —  
it reshapes the work to hit the metric.*



## PAIR-SHARE

配对分享

05:00 · ~2 min each

### DISCUSS IN PAIRS

Can you think of a measure you have watched **distort behaviour** — gaokao prep, internship KPIs, app "engagement", step counts, citations, sales targets. What did people optimise **instead** of the real goal?

# Three people, one bonus pool

## Wei

The biggest number on the team: a ¥10M feature. But was handed the flagship project, a senior mentor, and an easy market.

## Lan

The glue. Caught two failures before launch, mentored juniors, held the team through a reorg. No headline metric of her own.

## Jun

The worst territory on the team. Solid numbers against a collapsing market, the most growth, and flagged a risk leadership ignored.

*Same team, same level, one finite pool.*

*Every yuan to one is a yuan from another.*

## GROUP TASK

## 小组任务

10:00 · in threes

### DIVIDE ¥300,000

Split the pool across **Wei, Lan, and Jun** — three numbers that add to ¥300k, with one line of reasoning per share.

### HOW WE'LL DO IT

- ① Note down a clear split, with reasons.
- ② Be ready to defend your split to the employees.

## REPORT-BACK

## 反馈

### READ YOUR SPLIT

Three numbers, and why. How much did you reward the **result**, the **invisible contribution**, and the **effort against a bad hand**?

### ONE MORE QUESTION

- ① Did you discount **luck** — the handed project, the easy vs collapsing market?

# Luck egalitarianism: the idea

---

## What you chose

Effort, ambition, the gambles you took. A fair share should **track** this.

## What you didn't

The team, the territory, the passport (as well as talent, upbringing). A fair share should **not** hang on this.

*"Ambition-sensitive, but endowment-insensitive" ([Dworkin, 1981](#)).*

*The critique: taken literally it turns harsh, and effort is partly  
unchosen too ([Anderson, 1999](#)).*

# ...so what does it mean for reward?

**How much of Wei's ¥10M did Wei earn?** Pure outcome-pay rewards good brute luck (Wei) and punishes bad brute luck (Jun).

**Should we weight what people control more?** Effort and behaviours, not outcomes alone.

**Build process people can see.** Calibration, context adjustment, a right of reply. Communicate the logic of reward, e.g. benefit-sharing vs appreciation.

*The goal is not a perfect formula — effort is partly luck too. It is to stop pretending the number is pure merit.*

# The limit case: the expat premium

**We have met it before.** In Session 5 we designed expat packages; in Session 6 we asked "equal pay — equal in what?"

**Through this lens.** A 4× pay gap driven partly by which passport you hold is brute luck, hard to defend as **desert** ( · what you have earned). (Chen et al. (2002)))

*What rescues it is not the number.*

*It is a process people can see is fair (procedural justice),  
as that allows people to accept (some) distributive "injustice".*

# Reward is more than money

## Recognition & growth

Public praise lands very differently across face and hierarchy norms. What counts as recognition varies.

## Stability & wellbeing

Chinese Gen Z rates health and wellbeing highly, alongside pay and job security ([Cheung Kong Graduate School of Business, 2023](#)).

*Ask yourself: what reward would actually satisfy you?*

*What would make you stretch further?*



# Looking ahead

---

## Next

Block 8: Labour Relations, Ethics & Institutions. Fairness is set by law and unions too, not only HR.

---

## Reflection

An easy start: a way you have actually been evaluated or rewarded — did it help you grow, would it transfer? Full prompt on the assessment page.

---

## Presentations

This session is relevant for most cases - where we will learn more from you.

---

# References (1/3)

- Anderson, E. S. (1999). What is the point of equality?. *Ethics*, 109(2), 287–337. <https://doi.org/10.1086/233897>
- Atwater, L. E., Wang, M., Smither, J. W., & Fleenor, J. W. (2009). Are cultural characteristics associated with the relationship between self and others' ratings of leadership?. *Journal of Applied Psychology*, 94(4), 876–886. <https://doi.org/10.1037/a0014561>
- Bond, B. M. (2026). Cut to the curve: Underrecognition and talent loss from forced ranking in a multinational firm. *Management Science*, 72(4), 3487–3507. <https://doi.org/10.1287/mnsc.2023.01204>
- Cardinaels, E., & Feichter, C. (2021). Forced rating systems from employee and supervisor perspectives. *Journal of Accounting Research*, 59(5), 1573–1607. <https://doi.org/10.1111/1475-679X.12388>
- Chen, C. C., Choi, J., & Chi, S.-C. (2002). Making justice sense of local-expatriate compensation disparity: Mitigation by local referents, ideological explanations, and interpersonal sensitivity in China-foreign joint ventures. *Academy of Management Journal*, 45(4), 807–817. <https://doi.org/10.2307/3069313>

# References (2/3)

Chen, Y., Zhang, Z., Zhou, J., Liu, C., Zhang, X., & Yu, T. (2023). A cognitive evaluation and equity-based perspective of pay for performance on job performance: A meta-analysis and path model. *Frontiers in Psychology, 13*, 1039375. <https://doi.org/10.3389/fpsyg.2022.1039375>

Cheung Kong Graduate School of Business (2023). Understanding China's Gen Z in the workplace: Strategies for effective cross-generational management. CKGSB Knowledge. <https://english.ckgsb.edu.cn/knowledge/report/understanding-chinas-gen-z-in-the-workplace-strategies-for-effective-cross-generational-management/>

Deci, E. L., Koestner, R., & Ryan, R. M. (1999). A meta-analytic review of experiments examining the effects of extrinsic rewards on intrinsic motivation. *Psychological Bulletin, 125*(6), 627–668. <https://doi.org/10.1037/0033-2909.125.6.627>

Dworkin, R. (1981). What is equality? Part 2: Equality of resources. *Philosophy & Public Affairs, 10*(4), 283–345. <https://www.jstor.org/stable/2265047>

Eckert, R., Ekelund, B. Z., Gentry, W. A., & Dawson, J. F. (2010). "I don't see me like you see me, but is that a problem?" Cultural influences on rating discrepancy in 360-degree feedback instruments. *European Journal of Work and Organizational Psychology, 19*(3), 259–278. <https://doi.org/10.1080/13594320802678414>

# References (3/3)

- Frynas, J. G., Mol, M. J., & Mellahi, K. (2018). Management innovation made in China: Haier's Rendanheyi. *California Management Review*, 61(1), 71–93. <https://doi.org/10.1177/0008125618790244>
- Lockyer, J., & Sargeant, J. (2022). Multisource feedback: An overview of its use and application as a formative assessment. *Canadian Medical Education Journal*, 13(4), 30–35. <https://doi.org/10.36834/cmej.73775>
- Peretz, H., & Fried, Y. (2012). National cultures, performance appraisal practices, and organizational absenteeism and turnover: A study across 21 countries. *Journal of Applied Psychology*, 97(2), 448–459. <https://doi.org/10.1037/a0026011>
- Posthuma, R. A., Campion, E. D., Campion, M. A., & Zhang, H. (2023). National culture moderators of pay for individual performance and the financial performance of multinational enterprises. *Applied Psychology*, 72(2), 477–505. <https://doi.org/10.1111/apps.12384>
- Strathern, M. (1997). 'Improving ratings': Audit in the British University system. *European Review*, 5(3), 305–321. [https://doi.org/10.1002/\(SICI\)1234-981X\(199707\)5:3<305::AID-EURO184>3.0.CO;2-4](https://doi.org/10.1002/(SICI)1234-981X(199707)5:3<305::AID-EURO184>3.0.CO;2-4)