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RESEARCH REPORT

National Cultures, Performance Appraisal Practices, and Organizational Absenteeism and Turnover: A Study Across 21 Countries

Hilla Peretz
Ort Braude College

Yitzhak Fried
Syracuse University

Performance appraisal (PA) is a key human resource activity in organizations. However, in this global economy, we know little about how societal cultures affect PA practices. In this study, we address this gap by focusing on 2 complementary issues: (a) the influence of societal (national) cultural practices on PA practices adopted by organizations and (b) the contribution of the level of congruence between societal cultural practices and the characteristics of organizational PA practices to absenteeism and turnover. The results, based on a large data set across multiple countries and over 2 time periods, support the hypothesized effects of societal (national) cultural practices on particular PA practices and the interactive effects of societal cultural practices and PA practices on absenteeism and turnover. We discuss theoretical and practical implications of our findings.

Keywords: national values, performance appraisal, organizational outcomes

Performance appraisal (PA) is a central human resource activity in organizations because of its critical importance in enhancing both employee and organizational performance (e.g., Atwater, Wang, Smither, & Fleenor, 2009; Levy & Williams, 2004; Murphy & Cleveland, 1995). Although the importance of PA within organizations has long been recognized, in recent years PA has also become central to political and policy debates as well. For example, in the United States, the issues of whether and how teachers' performance should be measured and rewards tied to their teaching effectiveness have become contentious political topics (e.g., Gollan, 2011; Meckler, 2009).

Not surprisingly, researchers have produced a substantial literature focused on conceptual analysis and investigation of PA (e.g., Cardy & Dobbins, 1994; Fried, Levi, Ben-David, & Tiegs, 1999; Fried, Levi, Ben-David, Tiegs, & Avital, 2000; Fried & Tiegs, 1995; Fried, Tiegs, & Bellamy, 1992; Judge & Ferris, 1993; London & Beatty, 1993; Mero, Guidice, & Anna, 2006; Murphy & Cleveland, 1995; Murphy, Cleveland, Kinney, & Skattebo, 2004). Several characteristics of PA systems have been identified and investigated. These include the purpose of the PA (e.g., individual-oriented [for allocating individual outcomes such as merit raises or promotions] vs. unit- or organization-oriented [for identifying needs in human resource planning, training and development, and organization of work]), the sources of evaluation (e.g., supervisors, peers, subordinates, 360-degree), and who is being evaluated (e.g., employees only or both employees and their managers) (e.g., Beer, 1981; Murphy & Cleveland, 1995).

Most of this research has been conducted in the United States and a few other Western, mostly developed nations. Relatively little research has been conducted on the role of PA in the global economy (e.g., Aycan, 2005; Aycan et al., 2000; Bowen, Calang, & Pillai, 2002; Kelley, Whatley, & Worthley, 1987; Walker & Dimmock, 2000). The increase in globalization and multinational operations has raised timely and interesting questions about (a) the degree to which companies located in countries with different cultures tend to implement PA programs, and the characteristics of these programs (cf. Atwater et al., 2009), and (b) how congruence or lack of congruence between national cultures and the characteristics of the PA system affects organizational outcomes (cf. Aycan, 2005). The current research is aimed at remedying this gap in the literature.

Specifically, our study has the following purposes: First, we explore the influence of societal cultural practices on the characteristics of organizations' PA practices (concerning, e.g., who evaluates, who is evaluated, and the purposes of the evaluation). Second, we investigate the contribution of the level of congruence between these cultural practices and the characteristics of PA practices to two key organizational outcomes: absenteeism and turnover (e.g., Griffeth, Hom, & Gaertner, 2000; Hom & Griffeth, 1995; Johns, 2001). Our aim was to investigate the interactive effect of societal cultural practices and PA practices on these organizational outcomes (cf. G. Chen & Mathieu, 2008).

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Hilla Peretz, Department of Industrial Engineering and Management, Ort Braude College, Karmiel, Israel; Yitzhak Fried, Whitman School of Management, Syracuse University.

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Correspondence concerning this article should be addressed to Hilla Peretz, Department of Industrial Engineering and Management, Ort Braude College, Snunit 51 Street, Karmiel 21982, Israel. E-mail: hillap@braude.ac.il

Societal Culture and PA Systems

Within the theoretical framework offered by Hofstede (1980) and Project GLOBE (e.g., House et al., 1999), societal (also referred to as national) culture has a strong impact on organizations that can override other organizational (e.g., size, sector) and environmental (e.g., market) influences. Every organization is nested in a particular national culture and is inevitably influenced by it (Dickson, Aditya, & Chhokar, 2000; Gelfand, Erez, & Aycan, 2007; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Lee & Barnett, 1997). In this study, we rely on four widely studied cultural practices at the national level: power distance (PD), individualism/collectivism, uncertainty avoidance (UA), and future orientation (FO) (Hofstede, 1980; House et al., 1999). Empirical studies have shown that these cultural practices predict organizational processes and managerial practices (Communal & Senior, 1999; Hofstede & Peterson, 2000). Next, we discuss how societal cultural practices are expected to affect the way in which PA is conducted in diverse nations differing in these cultural practices.

Societal Cultural Practices and the Conduct of PA

PD

In low PD societies, the prevailing belief is that inequality in treatment, rights, and privileges across individuals should be minimized (Hofstede, 1980; House et al., 2004; House, Javidan, Hanges, & Dorfman, 2002). In contrast, high PD societies are characterized by acceptance of inequality and the institutionalization of power differentials. In these societies, hierarchy is rigidly adhered to, and privileges are distributed unequally. Moreover, higher status members are expected to preserve their relative advantage in privilege and power. Thus, with respect to such societies, it is reasonable to predict that organizations will typically design PA systems in which managers rather than other sources such as peers or subordinates will be the primary evaluators of employees (cf. Aycan, 2005). In contrast, in low PD societies, one can expect that organizations will be more inclined to establish PA systems in which multiple sources (e.g., supervisors, peers, subordinates, and employees themselves) will serve as evaluators of employees (cf. Aycan, 2005; Shipper, Hoffman, & Rotondo, 2007). The 360-degree system that has become widespread in recent years is the prototypical system using multiple diverse groups of raters (see, e.g., Antonioni, 1996; London & Beatty, 1993; Shipper et al., 2007; Toegel & Conger, 2003; Tornow & London, 1998). We therefore hypothesize the following:

> *Hypothesis 1:* Organizations in low PD societies will be more likely to implement PA systems using multiple sources of raters than will organizations in high PD societies.

FO

Societies high in FO are characterized by future-oriented values such as persistence/perseverance, thrift, planning, and delayed gratification (e.g., House et al., 2002). Accordingly, organizations in high FO societies are likely to engage in future-oriented behaviors such as planning, development, and goal setting (e.g., House et al., 2002). This suggests that organizations embedded in future-oriented societies are more likely—relative to organizations embedded in past, present, or more generally less future-oriented societies—to implement formal PA systems. These PA systems are likely to focus on organizational development and growth, which emphasize the identification of training and development needs, human resource planning, and the planned organization of work. Moreover, to gather the performance-related information needed to plan and design future organizational growth and development, organizations in high FO societies can be expected to evaluate a higher percentage of employees from their workforce—including managers, technical/professionals, administrative employees, and blue collar workers—and to use these evaluations for such future-oriented purposes as human resource planning, needs analysis for training and development, and the planned organization of work. Finally, to maximize information on employee performance as a basis for future development and growth, organizations in high FO societies are more likely to use, in addition to the supervisor, other sources of raters (as in the case of 360-degree PA, which uses supervisors, peers, subordinates, and the employees themselves as evaluators; cf. Aycan, 2005). Therefore, we hypothesize the following:

> *Hypothesis 2:* Organizations in high FO societies will be more likely to (a) implement formal PA systems (b) focus on future organizational development purposes (human resource planning, identification of training and development needs, and the planned organization of work), (c) implement PA systems with multiple sources of raters, and (d) evaluate a higher percentage of employees than will organizations in present- or less future-oriented societies.

Individualism/Collectivism

Individualism/collectivism refers to the degree to which societies value individual rights and opportunities versus group success and individual loyalty to the group. In collectivistic societies, individuals are expected to subordinate themselves to the group's goals and success. Therefore, organizations in collectivist societies are likely to avoid personal-based PA systems because of their potentially adverse effect on group, unit, or organizational solidarity and morale (e.g., Kovach, 1995; Vallance, 1999). In contrast, in individualistic societies, organizations are more likely to establish personal-based PA systems to evaluate their employees' performance and to use these evaluations as the basis for PA policies that differentiate among employees according to their performance and job fit, such as merit pay and career development (cf. Aycan, 2005; Harris & Moran, 1996). In contrast, organizations embedded in collectivistic societies are likely to design and implement PA systems for purposes that would generally benefit all employees (organization-based PA systems), including human resource planning, identification of needs for training and development, and the planned organization of work.

In addition, organizations in collectivistic cultures may be less inclined, relative to those in individualistic cultures, to rely on multiple sources of evaluation (e.g., 360-degree evaluation practice). This is because the high value that collectivistic cultures place on protecting reputations and reducing social anxiety leads people in such cultures to be uncomfortable

giving and accepting negative performance feedback (Aycan, 2005; Gibson, 1997). In collectivistic cultures, individuals are likely to feel more comfortable with performance-related information that is associated with indirect, implicit, and subtle messages about performance (Aycan, 2005). In contrast, in individualistic cultures, people expect differential rewards but also expect that these rewards will be based on fair evaluation processes (Murphy & Cleveland, 1995). Therefore, organizations in individualistic cultures may be more inclined to rely on multiple sources of evaluation (e.g., supervisors, peers, subordinates), so as to enhance the perception of fairness and the acceptability of differential personal rewards based on these evaluations. Therefore, we hypothesize the following:

Hypothesis 3a: Organizations in individualistic societies are more likely to (a) implement personal-based PA systems to evaluate their employees' performance and (b) rely on multiple sources of raters (e.g., 360-degree PA system) than are organizations in collectivistic societies.

Hypothesis 3b: Organizations in collectivistic societies are more likely to use PA systems that focus on broader organizational purposes (e.g., human resource planning, identification of needs for training and development) than are organizations in individualistic societies.

UA

UA is defined as the extent to which members of the culture are threatened by uncertain or unknown situations. Individuals in high UA societies like predictability and tend to rely on social norms, rules, and procedures to alleviate the unpredictability of future events (House et al., 2004, 2002; Ryan, McFarland, Baron, & Page, 1999; Triandis, 1994). As a result, organizations embedded in societies characterized by high UA are more likely, relative to those embedded in societies low in UA, to rely on more formally structured and standardized rules and procedures, including PA practices. Therefore, we hypothesize the following:

Hypothesis 4: Organizations in high UA societies are more likely to establish formally structured PA systems than are organizations in low UA societies.

Societal Cultural Differences, PA, and Organizational Absenteeism and Turnover

So far, our analysis suggests that organizations are likely to adopt PA practices that are consistent with the societal cultures in which they are embedded. However, there are likely to be cases in which organizations will adopt PA practices that deviate from the societal culture. This could happen, for example, when organizational leaders adopt PA practices that deviate from the societal culture in an attempt to gain a competitive advantage, resulting in a strong organizational culture that goes counter to the prevailing societal culture. A disparity between organizational and societal culture could also be the result of a multinational company moving into a new country, or a new company (e.g., a start-up) modeling itself after the prevailing organizational practices in another country (cf. House et al., 2004).

Overall, we expect that if organizations adopt PA practices according to the societal cultures in which they are embedded, the results will reduce turnover and absenteeism, resulting from employees' approval of their organizations' PA practices. Conversely, organizations that adopt PA practices that deviate from the dominant societal culture will contribute to employees' resistance, resulting in increased absenteeism and turnover (cf. Erez, 2000; Shipper et al., 2007).

Our hypotheses, which follow, are based on the expected consistency between national culture and organizational PA systems, discussed earlier. We first focus on PD and PA. Our earlier reasoning concerning the congruency between societies low in PD and PA systems characterized by the use of multiple sources of evaluation leads us to the following hypothesis:

Hypothesis 5: In low PD societies, organizations that implement a PA system with more sources of raters are likely to have lower rates of turnover and absenteeism than are organizations that implement a PA system with fewer sources of raters.

Our earlier discussion concerning the congruency between future-oriented societal values and PA practices leads to the following hypothesis:

Hypothesis 6: In high FO societies, organizations are likely to have lower rates of absenteeism and turnover if they (a) implement formal PA systems, (b) focus on future-related organization-based PA, (c) implement PA systems with multiple sources of raters, and (d) evaluate a higher percentage of employees.

We further discussed the congruency between individualism/collectivism and the purpose of PA systems (individual-purpose PA vs. organizational-purpose PA). This leads us to the following hypotheses:

Hypothesis 7a: In high individualistic societies (low collectivistic societies), organizations that (a) implement a personal-based PA system as a basis for differential outcomes across individual employees and personal career development and (b) use multiple sources of raters are likely to have lower rates of absenteeism and turnover than are organizations that do not implement these PA practices.

Hypothesis 7b: In high collectivistic societies (low individualistic societies), organizations that implement a PA system as a basis for organizational-development purposes are likely to have lower rates of absenteeism and turnover than are organizations that do not implement this form of PA system.

Finally, we discussed the congruency between societies high on UA and the prevalence of formal PA systems. We therefore hypothesize the following:

Hypothesis 8: In high UA societies, organizations that implement formal PA systems are likely to have lower rates of absenteeism and turnover than are organizations that do not implement formal PA systems.

Method

Sample

To increase our confidence in the results, we used two samples of organizations from two time periods. Our primary focus was on the more comprehensive and recent sample from 2004 that consisted of 5,991 organizations from 21 countries. The second sample was collected in 1999 from 4,878 organizations in 16 countries. The data from 1999 include all the PA characteristics in the 2004 data except the variable of "percentage of evaluated employees." We compared the results of the sample from 1999 with the results of the key sample from 2004.

Data Sources and Measures

Data for the study were obtained from two independent sources: Data on the organizational PA characteristics were collected in both 2004 and 1999 by international researchers who were part of the Cranfield Network on Comparative Human Resource Management (CRANET) project. The data collected in the CRANET project were based on a standardized questionnaire covering major areas of Human Resources (HR) management policies and practices, completed by the most senior HR specialist in each organization. Data on national societal (national) culture practices were based on the Global Leadership and Organizational Behavior Effectiveness (GLOBE) 2004 database (see House et al., 2004).

The values used in the present study reflected reported practices ("as is") and indicate the current practices of each culture (as opposed to *feelings* about cultural aspirations). In the GLOBE literature, it is common to use cultural practices rather than cultural values (aspiration values) when attempting to measure the effects of societal culture on society's effectiveness (see, e.g., Brodbeck, Hanges, Dickson, Gupta, & Dorfman, 2004; Javidan, House, Dorfman, Hanges, & Sully de Luque, 2006). Scores for the four cultural practices and cultural values ranged from 1 (*lowest*) to 7 (*highest*). We also note that with regard to the measure of individualism/collectivism, given our focus on organizational behavior, we used collectivism I (institutional collectivism) from the GLOBE database and not in-group collectivism (which emphasizes individuals' loyalty to their family; House et al., 2004).

Indices of PA policies and practices. The following measures were obtained from the 2004 and 1999 CRANET database, based on the responses of the most senior HR/personnel specialist in each organization:

1. *Organizational use of formal PA system.* This item assessed the absence/presence of a formal evaluation system to evaluate individual employees.

2. *Percentage of evaluated employees.* This item measured the percentage of evaluated employees, calculated as the total percentage of evaluated employees in the organization from four occupational groups (managers, technical employees, service or administrative employees, and blue collar workers).

3. *Number of sources of raters performing the PA.* This item measured the number of sources of evaluation (supervisor, peers, subordinates, and employee self-rating). This item used a 4-point scale, with one representing one source of evaluation and four representing the maximum number of sources of evaluation. Specifically, the scale ranged from 1 to 4 as follows: one rater (supervisor only [674 organizations]), two raters (supervisor and subordinates [595 organizations], or supervisor and the rated employee [757 organizations], or supervisor and peers [526 organizations]), three raters (supervisor, subordinates, and peers [395 organizations]; or supervisor, subordinates, and the rated employee [616 organizations]; or supervisor, peers, and the rated employee [455 organizations]), and four raters (supervisor, subordinates, peers, and the rated employee [379 organizations]).

4. *Personal focus of evaluation*. This item measured whether the purpose of the evaluation was for personal purposes, including merit-based compensation or personal career development. The score for each organization was determined by the number of personal purposes covered by the PA program (0 = *none*, 1 = *one of the two*, 2 = *both*).

5. *Organizational focus of evaluation.* This item measured whether the purpose of the evaluation was related to organizational development. Three organization-related purposes were assessed: human resource planning, identification of training and development needs, and the organization of work. The score for each organization was determined by the number of organization-related purposes that were covered by the PA program (0 = *none*, 1 = *one of the three*, 2 = *two of the three*, 3 = *all*).

Covariates—Organizational background. Consistent with the literature (e.g., Aycan, 2005), data on five organizational background variables were taken from the CRANET database. These covariates included *technology level*, *organizational size* (range = 200–10,573, M = 1,408; in our analysis, we used a log transformation for this measure), *sector* (private or public), *service* (the categories were health, education, research, finance, transportation, political, entertainment communication, food products, chemical products, textile products, machinery, knowledge-based products), and *globalization* (whether the organization operates locally or in the global arena).

Organizational outcomes. Organizational rate of turnover and absenteeism were obtained from the CRANET database:

1. *Turnover.* This variable was measured by taking the average yearly turnover percentage.

2. *Absenteeism.* This variable was measured by taking the average annual absenteeism (number of days).

Results

In our analyses, we controlled for the effects of key organizational characteristics (size, technological level, sector, service, and globalization level; see, e.g., Aycan, 2005). Figure 1 summarizes the variables of the study and the proposed linkages among them.

We focus first on the results of the CRANET sample of 2004. Means, standard deviations, ranges, and correlations for the study's Level 1 dependent variables (organizational level) and Level 2 independent variables (national level) are presented in Tables 1 and 2, respectively.

Results at the organizational level showed that almost all PA measures had low to moderate intercorrelations. At the national level, all four possible intercorrelations (N = 21) had medium to high intercorrelations. Means and standard deviations of PA practices for each country are presented in Table 3.

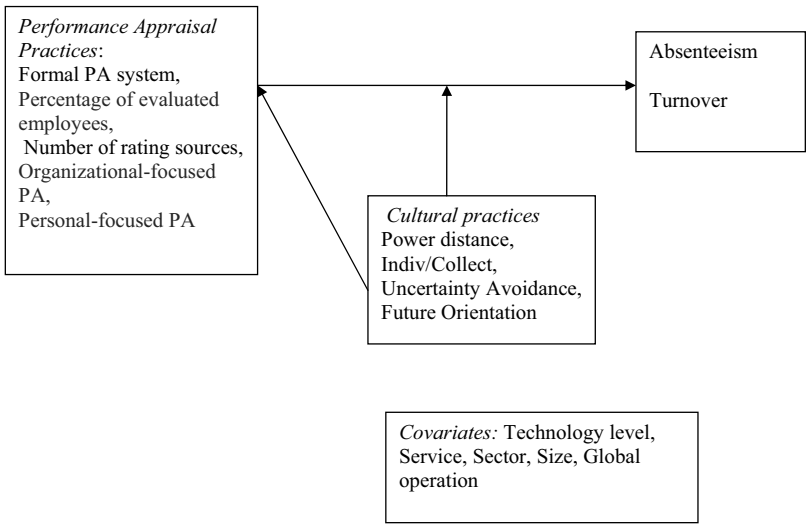

Figure 1. Description of the study: performance appraisal (PA), cultural practices, and organizational performance. Indiv = individualism; Collect = collectivism.

Hypothesis Testing

Phase 1. Before investigating the relationship of all four cultural practices with PA, Variance Inflation Factor (VIF) index was computed. The results indicated that VIF = 1.33, meaning that VIF did not exceed the rule of thumb standard suggested by Hair, Anderson, Tatham, and Black (1998), where VIF = 5.3 was set as the cutoff point for multicollinearity. We examined the relationship between societal cultural practices and PA indicators using HLM. First, we calculated the intraclass correlation coefficient [$ICC_{(1)}$] for each one of the dependent variables, using the formula $\tau_{00}/\tau_{00} + \sigma^2$, for the unconditional model (without the explained variables) and for the conditional model (with the explained variables) (see Tables 4 and 5). $ICC_{(1)}$ represents the percentage of variance between groups (see Bliese & Ployhart, 2002; Kreft & De Leeuw, 1998; Raudenbush & Bryk, 2002), τ_{00} represents the variance of Level 2 variables, and σ^2 represents the variance of Level 1 variables. If the conditional $ICC_{(1)}$ is smaller than the unconditional $ICC_{(1)}$, this means that the specific Level 2 variables added in the conditional model explain the country effect (see Raudenbush & Bryk, 2002).

The results indicated that for all the examined dependent variables (number of rating sources, proportion of employees undergoing PA, formal PA system, organizational based PA, and personal based PA), $ICC_{(1)}$ for the conditional model for the examined PA practices (.31, .29, .35, .38, and .27, respectively) was smaller than the $ICC_{(1)}$ of the unconditional model (.25, .21, .25, .26, and .23, respectively), supporting the effect of cultural practices on these dependent variables (see Tables 4 and 5). Further, to test which of the main effects of the four national cultural practices was a predictor of the PA practices, we focused on their predictive coefficients (i.e., γ_{01}, γ_{02}, γ_{03}, γ_{04}) for the random intercept (β_{00}). The results for the explained variance and main effects for the 2004 PA data are presented in Tables 4 and 5.

The main effects, reported in Tables 4a and 5a, supported our hypotheses about the relationships between the societal cultures and the PA practices. Thus, PD was negatively related to multiple sources of raters ($\gamma = -.16$, $p < .01$) supporting Hypothesis 1; FO was positively related to formal implementation of PA system ($\gamma = .10$, $p < .01$), organizational-focus PA ($\gamma = .09$, $p < .05$), multiple sources of raters ($\gamma = .06$, $p < .05$), and percentage of

Table 1
Means, Standard Deviations, Ranges, and Correlations Among Performance Appraisal (PA) Measures: Organizational Level (Level 1; N = 5,991)

Variable	No. of rating sources	Formal PA system	Proportion of employees undergoing PA	Personal-based PA	Organizational-based PA
No. of rating sources	—	.08**	.10**	.07**	.19**
Formal PA system		—	.31**	.03	.04
Proportion of employees undergoing PA			—	.05*	.18**
Personal-based PA				—	.04
Organizational-based PA					—
M (*SD*)	2.14 (0.91)	0.55 (0.32)	67.46 (19.91)	1.04 (0.64)	2.11 (0.91)
Range	1–4	1 = yes (80.4%) 2 = no (19.6%)	0–100	0–2	0–3

* $p < .05$. ** $p < .01$.

Table 2
Means, Standard Deviations, Ranges, and Correlations Among National Values (Level 2; N = 21)

Variable	Power distance	Uncertainty avoidance	Future orientation	Individualism/ collectivism
Power distance	—	−.36*	−.54**	−.10**
Uncertainty avoidance		—	.74**	−.41**
Future orientation			—	−.29**
Individualism/collectivism				—
M (*SD*)	5.01 (0.40)	4.70 (0.56)	4.21 (0.41)	4.46 (0.71)
Range	4.14–5.68	3.26–5.42	3.31–4.80	3.46–6.14

* $p < .05$. ** $p < .01$.

evaluated employees ($\gamma = .09$, $p < .01$), supporting Hypothesis 2; collectivism was positively related to organizational-focus PA ($\gamma = .16$, $p < .01$) and was negatively related to number of rating sources ($\gamma = –.06$, $p < .05$) and personal-focus PA ($\gamma = –.09$, $p < .01$), supporting Hypothesis 3. This means, in other words, that, as hypothesized, individualism was positively related to the latter two PA characteristics of number of rating sources and personal-focus PA. Finally, UA was positively related to formal implementation of PA system ($\gamma = .08$, $p < .01$), supporting Hypothesis 4. In addition, FO was negatively related to personal-based PA ($\gamma = –.05$, $p < .05$), although we did not hypothesize this relationship.

To further enhance our confidence in the effect of national practices on organizational-based PA and personal-based PA, we conducted another analysis after transforming these two variables to no/yes variables (0 = *the organization does not use organizational-based PA/does not use personal based PA*, 1 = *the organization does use organizational-based PA/does use personal based PA*). The results were similar to the results reported in Table 5a, in which the measures of personal and organization-based PA were based on the multiple categories (see the Method section).

Finally, we should also note that, as Table 5 indicates, we did not find a significant relationship between any of the cultural practices and whether organizations used or did not use a combination of organizational-based and personal-based PA (i.e., used at least one organizational-based PA practice and one personal-based PA practice together, or used all personal- and organizational-based PA practices).

Table 3
Means and Standard Deviations of PA Practices for Each Country, and Country National Values (Practices—As Is)

		% evaluated employees	Formal PA	No. of raters	Organizational-based PA	Personal-based PA				
Country	*N*	*M* (*SD*)	*M* (*SD*)	*M* (*SD*)	*M* (*SD*)	*M* (*SD*)	PD	FO	UA	IND/COLL
Australia	259	78.98 (24.05)	0.61 (0.21)	2.01 (1.01)	1.05 (1.04)	0.91 (0.64)	4.81	4.09	4.40	4.31
Austria	270	71.32 (23.17)	0.86 (0.34)	1.96 (0.70)	1.34 (0.97)	1.02 (0.65)	5.00	4.47	5.10	4.34
Canada	464	80.67 (23.91)	0.71 (0.26)	2.26 (0.96)	1.64 (1.13)	0.89 (0.72)	4.85	4.40	4.54	4.36
Denmark	516	82.61 (20.70)	0.78 (0.19)	1.53 (1.06)	1.89 (1.05)	1.16 (0.71)	4.14	4.59	5.32	4.93
Finland	293	69.54 (25.11)	0.53 (0.31)	1.91 (0.90)	1.92 (0.99)	1.09 (0.63)	5.08	4.39	5.11	4.77
Germany	320	60.21 (19.29)	0.89 (0.16)	2.49 (0.89)	2.06 (0.96)	1.35 (0.59)	5.70	4.04	5.19	3.67
Greece	180	69.24 (25.21)	0.21 (0.32)	2.40 (1.01)	2.07 (0.87)	1.02 (0.62)	5.35	3.53	3.52	3.41
Hungary	59	51.42 (21.13)	0.13 (0.27)	2.25 (0.74)	2.11 (0.97)	0.69 (0.62)	5.57	3.31	3.26	3.63
Ireland	230	71.39 (26.57)	0.41 (0.24)	1.92 (0.90)	2.12 (1.05)	1.31 (0.96)	5.13	3.93	4.25	4.57
Israel	175	71.04 (24.10)	0.42 (0.30)	2.06 (0.91)	2.14 (1.04)	1.29 (0.82)	4.71	3.82	3.97	4.40
Italy	117	68.45 (16.71)	0.15 (0.34)	2.35 (0.56)	2.19 (1.01)	0.74 (0.48)	5.45	3.34	3.85	3.75
New Zealand	286	76.21 (33.00)	0.32 (0.38)	1.96 (0.67)	2.23 (0.80)	0.92 (0.67)	5.12	3.46	4.86	4.96
Philippines	56	64.21 (18.69)	0.39 (0.25)	2.01 (1.05)	2.25 (0.79)	1.12 (0.86)	5.15	3.92	3.69	4.37
Portugal	150	61.21 (22.14)	0.29 (0.27)	2.13 (0.71)	2.24 (0.89)	1.06 (0.62)	5.50	3.77	3.96	4.02
Slovenia	161	58.65 (19.24)	0.29 (0.26)	2.17 (0.69)	2.27 (0.78)	1.25 (0.62)	5.32	3.56	3.76	4.09
Sweden	383	72.01 (29.11)	0.65 (0.19)	1.17 (1.06)	2.30 (0.71)	0.74 (0.69)	4.94	4.37	5.36	5.26
Switzerland	311	81.20 (20.14)	0.98 (0.11)	2.16 (0.72)	2.31 (0.68)	1.04 (0.59)	5.05	4.80	5.42	4.20
The Netherlands	397	82.35 (20.33)	0.91 (0.09)	2.13 (0.80)	2.65 (0.79)	1.17 (0.81)	4.32	4.72	4.81	4.62
Turkey	171	58.31 (24.51)	0.31 (0.34)	2.22 (1.38)	2.34 (0.98)	0.68 (0.58)	5.43	3.74	3.67	4.02
United Kingdom	633	68.24 (26.97)	0.70 (0.21)	2.32 (0.79)	2.48 (0.93)	1.28 (0.93)	5.23	4.31	4.70	4.31
United States	560	61.42 (22.05)	0.88 (0.17)	2.48 (0.97)	2.64 (0.75)	1.12 (0.85)	4.92	4.13	4.15	4.21
Overall, *M* (*SD*)	5,991	67.46 (19.91)	0.55 (0.32)	2.14 (0.91)	2.11 (0.91)	1.04 (0.64)	5.01 (0.40)	4.21 (0.41)	4.70 (0.56)	4.46 (0.71)

Note. PA = performance appraisal; PD = power distance; FO = future orientation; UA = uncertainty avoidance; IND = individualism; COLL = collectivism.

Table 4
HLM Analysis for Number of Rating Sources, Proportion of Employees Undergoing PA, and Formal Use of PA System

	4a: 2004 data						4b: 1999 data			
	No. of rating sources		Proportion of employees undergoing PA		Formal PA system		No. of rating sources		Formal PA system	
Model	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*
					Unconditional model					
Level 1—Variance (σ^2_{within})	.86**	.21	.75**	.19	.72**	.19	.86**	.21	.71**	.17
Level 2—Random intercept (β_{00})										
Intercept (γ_{00})	.69**	.15	.65**	.24	.59**	.16	.57**	.15	.45**	.15
Variance (τ_{00})	.38**	.12	.30**	.14	.39**	.15	.38**	.12	.36**	.11
$ICC_{(1)}$ [a]	.31		.29		.35		.31		.34	
					Conditional model					
Level 1—Variance (σ^2_{within})	.72**	.19	.61**	.16	.67**	.17	.74**	.15	.65**	.16
Size (γ_{10})	.17**	.06	.00	.05	.02	.00	.04	.03	.03	.03
Tech-level (γ_{20})	.23**	.07	.21**	.08	.07*	.04	.15**	.05	.11**	.04
Service (γ_{30})	−.14**	.05	−.15*	.08	−.12**	.05	−.12**	.05	−.15**	.04
Sector (γ_{40})	.04	.01	−.39**	.20	.03	.01	.04	.02	−.04	.01
Globalization (γ_{50})	−.04	.01	.01	.05	.02	.01				
Level 2—Random intercept (β_{00})										
Intercept (γ_{00})	.50**	.16	.71**	.22	.42**	.14	.39**	.15	.40**	.13
PD (γ_{01})	−.16**	.05	−.03	.17	.03	.01	−.10*	.04	−.04	.02
FO (γ_{02})	.06*	.02	.09**	.14	.10**	.05	.05	.01	.14**	.05
IND/COLL (γ_{03})	−.06*	.04	.04	.07	.04	.02	−.05*	.05	.03	.02
UA (γ_{04})	.03	.01	−.05	.11	.08**	.03	.02	.01	.12**	.04
Variance (τ_{00})	.24**	.07	.16**	.08	.22**	.07	.24**	.09	.21**	.08
$ICC_{(1)}$	.25		.21		.25		.25		.24	

Note. HLM = hierarchical linear modeling; PA = performance appraisal; ICC = intraclass correlation coefficient; PD = power distance; FO = future orientation; IND = individualism; COLL = collectivism; UA = uncertainty avoidance.
[a] $ICC_{(1)}$ = % variance between = $\tau_{00}/\tau_{00} + \sigma^2$.
* $p < .05$. ** $p < .01$.

To test the consistency and validity of our results, we conducted the analyses on another data set from CRANET collected in 1999. The results, presented in Tables 4b and 5b, were similar to those we obtained from the CRANET data of 2004.

Phase 2. In the second stage of the analysis, we explored the interactive effects of the cultural practices and PA practices on absenteeism and turnover. We did this to assess how the level of congruence between the societal cultures and PA practices affects the outcome variables (see, e.g., G. Chen & Mathieu, 2008). First, we calculated the $ICC_{(1)}$ for the conditional and unconditional models. The results indicated that for both dependent variables (absenteeism and turnover), $ICC_{(1)}$ for the conditional model was smaller than the $ICC_{(1)}$ of the unconditional model, supporting the interactive effect of PA practices and cultural practices on these dependent variables. Further, to test which of the hypothesized interactions was a predictor of the outcomes, we focused on their predictive coefficients for the random intercept (β_{00}).

The interactive effects, reported in Table 6a, provided general support for our hypotheses. Overall, the results supported eight of the nine hypotheses on the interactions between the four societal practices and the PA practices on absenteeism (see Table 6a). Specifically, the following hypothesized interactions on absenteeism were supported: the interaction between PD and number of rating sources (Hypothesis 5); the interactions between FO and the implementation of formal PA systems, focus on future-related organization-based PA, number of rating sources, and percentage of evaluated employees (Hypothesis 6); the interactions between individualism/collectivism and the implementation of a personal-based PA system (Hypothesis 7a) and an organizational-based PA system (Hypothesis 7b); and the interaction between UA and the implementation of PA systems (Hypothesis 8). Only the hypothesized interaction between individualism/collectivism and number of rating sources (Hypothesis 7a) was not supported.

Concerning turnover, only two interactions produced significant results: individualism/collectivism by organizational-based PA (Hypothesis 7b), and UA by formal PA (Hypothesis 8). For exploratory purposes, we investigated the interaction effects between the societal practices and whether organizations used or did not use both organizational- and personal-based PA (i.e., used at least one of each or used all personal-and organizational-based PA practices). None of the interactions were significant.

Finally, we examined the moderating effect of organizational- and personal-based PA, using the alternative dichotomous measure of 0 and 1 (see above). The results were similar to the interactions obtained on the multiple categories measures.

To more systematically examine the direction of the interactions, we graphed the results. These graphs supported our directional hypotheses, indicating that turnover and/or absenteeism tend to be lower when there is higher congruency between the cultural practices and the PA practices. We present two of the total 10

Table 5
HLM Analysis for Organizational- and Personal-Based PA

	5a: 2004 data								5b: 1999 data							
	Only organizational-based PA (N = 2,788)		Only personal-based PA (N = 1,088)		Both personal- and organizational-based PA (at least one from each) (N = 1,308)		All personal- and organizational-based PA (N = 710)		Only organizational-based PA (N = 2,190)		Only personal-based PA (N = 868)		Both personal- and organizational-based PA (at least one from each) (N = 1,020)		All personal- and organizational-based PA (N = 551)	
Model	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*
								Unconditional model								
Level 1—Variance (σ^2_{within})	.85**	.20	.92**	.30	.87**	.22	.88**	.24	.86**	.18	.90**	.28	.89**	.20	.89**	.18
Level 2—Random intercept (β_{00})																
Intercept (γ_{00})	.58**	.16	.30**	.08	.42**	.16	.45**	.15	.55**	.15	.27**	.09	.39**	.15	.36**	.14
Variance (τ_{00})	.51**	.12	.34**	.10	.28**	.13	.29**	.14	.49**	.11	.31**	.11	.26**	.12	.26**	.11
$ICC_{(1)}$	.38		.27		.24		.25		.36		.26		.23		.23	
								Conditional model								
Level 1—Variance (σ^2_{within})	.72**	.18	.82**	.19	.75**	.18	.76**	.18	.69**	.17	.79**	.18	.73**	.16	.74**	.14
Size (γ_{10})	.04	.03	.03	.03	.03	.04	.03	.03	.02	.03	.03	.03	.03	.03	.03	.03
Tech-level (γ_{20})	.04	.02	−.04	.04	.04	.05	.02	.03	.03	.02	−.04	.03	.03	.04	.03	.03
Service (γ_{30})	−.10*	.06	.04	.03	−.08*	.05	−.08*	.05	−.09*	.05	.04	.04	−.07*	.05	−.08*	.04
Sector (γ_{40})	−.14**	.08	.04	.03	−.08*	.04	−.09*	.06	−.14**	.08	.05	.04	−.09*	.04	−.08*	.04
Globalization (γ_{50})	.12**	.08	.02	.02	.06*	.03	.07*	.05								
Level 2—Random intercept (β_{00})																
Intercept (γ_{00})	.60**	.17	.42**	.12	.55**	.16	.56**	.14	.57**	.16	.44**	.13	.53**	.14	.52**	.13
PD (γ_{01})	−.03	.01	−.02	.02	−.03	.01	−.03	.02	−.03	.08	−.03	.03	−.03	.07	−.03	.08
FO (γ_{02})	.09*	.08	−.05*	.05	.04	.02	.04	.03	.08*	.11	−.06*	.05	.03	.10	.04	.08
IND/COLL (γ_{03})	.16**	.04	−.09**	.04	.04	.02	.04	.03	.17**	.05	−.07*	.04	.03	.04	.05	.04
UA (γ_{04})	−.03	.01	−.03	.02	−.03	.09	−.03	.02	−.02	.09	−.01	.02	−.02	.06	−.02	.05
Variance (τ_{00})	.25**	.08	.24**	.09	.24**	.08	.25**	.10	.22**	.09	.23**	.08	.22**	.08	.22**	.07
$ICC_{(1)}$	.26		.23		.24		.25		.24		.22		.23		.23	

Note. HLM = hierarchical linear modeling; PA = performance appraisal; ICC = intraclass correlation coefficient; PD = power distance; FO = future orientation; IND = individualism; COLL = collectivism; UA = uncertainty avoidance.
* $p < .05$. ** $p < .01$.

Table 6
HLM Analysis for PA Practices, National Culture, and Outcomes

Model	6a: 2004 data				6b: 1999 data			
	Absenteeism		Turnover		Absenteeism		Turnover	
	Coefficient	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*
				Unconditional model				
Level 1—Variance (σ^2_{within})	.76**	.20	.62**	.14	.68**	.17	.60**	.14
Level 2—Random intercept (β_{00})								
Intercept (γ_{00})	.54**	.12	.45**	.10	.43**	.10	.24**	.07
Variance (τ_{00})	.36**	.10	.27**	.09	.27**	.09	.25**	.08
$ICC_{(1)}$	.32		.30		.28		.29	
				Conditional model				
Level 1—Variance (σ^2_{within})	.64**	.11	.54**	.10	.52**	.15	.49**	.12
Size (γ_{10})	.08**	.03	.07*	.02	.06*	.03	.07*	.02
Tech-level (γ_{20})	−.04	.02	−.03	.01	−.02	.01	−.03	.01
Service (γ_{30})	.06*	.01	.02	.01	.06*	.02	.03	.01
Sector (γ_{40})	.06*	.02	−.05	.02	.07*	.02	.01	.01
Globalization (γ_{50})	−.12**	.05	−.10**	.01				
No. of rating sources (γ_{60})	−.08**	.03	−.07*	.03	−.08**	.03	−.06*	.02
Proportion of employees (γ_{70})	−.09**	.03	−.11**	.01				
Formal PA system (γ_{80})	−.08**	.03	−.03	.01	−.07*	.02	−.02	.01
Only organizational-based PA (γ_{90})	−.09**	.04	−.02	.01	−.08**	.03	−.03	.01
Only personal-based PA (γ_{100})	.04	.01	.01	.01	.03	.01	.02	.01
Level 2—Random intercept (β_{00})								
Intercept (γ_{00})	.24**	.09	.17**	.08	.20**	.08	.15**	.07
PD (γ_{01})	−.02	.01	−.01	.01	−.04	.02	−.02	.00
FO (γ_{02})	−.07*	.04	−.06*	.02	−.06*	.02	−.08**	.03
COLL (γ_{03})	−.06*	.02	−.06*	.02	−.07*	.04	−.06*	.02
UA (γ_{04})	−.07*	.03	−.09**	.04	−.10**	.04	−.07*	.02
PD × No. of Rating (γ_{61})	−.10**	.05	−.04	.02	−.08**	.03	−.04	.01
FO × No. of rating (γ_{62})	−.07*	.03	−.03	.01	−.07*	.03	−.03	.02
FO × Proportion (γ_{72})	−.11**	.05	−.01	.01				
FO × Formal PA System (γ_{82})	−.08**	.04	−.02	.01	−.08**	.04	−.02	.01
FO × Organizational-Based PA (γ_{92})	−.09**	.04	−.01	.01	−.06*	.02	−.01	.00
IND/COLL × No. of Raters (γ_{63})	−.02	.01	−.01	.01	−.02	.01	−.01	.01
IND/COLL × Organizational-Based PA (γ_{93})	−.07*	.03	−.06*	.02	−.07*	.02	−.06*	.02
IND/COLL × Personal-Based PA (γ_{103})	.06*	.02	.04	.02	.06*	.02	.03	.01
UA × Formal PA System (γ_{84})	−.12**	.05	−.13**	.05	−.09**	.03	−.08**	.03
Variance (τ_{00})	.17**	.07	.14**	.06	.14**	.06	.14**	.07
$ICC_{(1)}$	.21		.21		.21		.22	

Note. HLM = hierarchical linear modeling; PA = performance appraisal; ICC = intraclass correlation coefficient; PD = power distance; FO = future orientation; COLL = collectivism; UA = uncertainty avoidance; IND = individualism.
* $p < .05$. ** $p < .01$.

graphs as Figures 2 and 3. The pattern of these figures is similar to the patterns of the other figures.

In addition, we found several main effects for the organizational-level variables (the covariates), the PA variables, and national cultures on absenteeism and turnover (see Table 6a). Thus, the results indicated that in societies high on FO, collectivism, and PD, absenteeism and turnover tend to be lower than in societies low on these cultural dimensions. Also, in organizations that use PA with high number of rating sources and that evaluate a high proportion of employees, both absenteeism and turnover tend to be lower. In organizations with formal PA systems and organizational-based PA systems, absenteeism tends to be lower.

To test the consistency and validity of our results, we conducted the analyses on the 1999 CRANET data set. The results, which are presented in Table 6b, were overall very similar to those based on the CRANET data from 2004. The graphs of the interactions were also similar to the graphs based on the data from 2004.

Discussion

The results generally support our hypotheses, showing that societal cultural practices were related to organizational PA practices and that congruence between societal cultures and PA characteristics tended to reduce turnover and/or absenteeism, whereas incongruence between these societal cultures and PA characteristics tended to increase the level of these two behavioral outcomes. The results are stronger regarding absenteeism than turnover, potentially because turnover is a more complex phenomenon that is constrained by the labor market and cost of replacement (e.g., Hom & Griffeth, 1995). From a theoretical standpoint, the results help us build a useful typology of cross-cultural PA that increases our understanding of the effect of particular societal cultural practices on the conduct of PA systems and their effect on absenteeism and turnover (cf. Y. Chen, Leung, & Chen, 2009). The results support the contingency approach to the contribution of HR activ-

ities discussed by several scholars (e.g., Delery & Doty, 1996; Johns, 2006; Rousseau & Fried, 2001), and they further support the argument of Y. Chen et al. (2009) concerning the importance of identifying the conditions under which cultural differences are associated with similar versus different HR practices.

With respect to practical implications, our study suggests that the managerial decision of whether to implement formal PA and the characteristics of the PA systems implemented should incorporate the societal culture that a particular organization is embedded in, so that the PA system will be effective for the organization (cf. Aycan, 2005; Erez, 2000). For example, the use of multiple sources of raters (e.g., 360-degree PA) has recently become prevalent in organizations and has received much attention in the literature. However, this is an expensive and high-maintenance system that may not always be effective. Our findings suggest that organizations should be cautious when implementing PA systems with multiple sources of raters (e.g., supervisors, peers, subordinates, employees) versus the more traditional system relying solely on the supervisor's evaluation. It appears that the use of multiple sources of raters is most acceptable to employees in organizations that operate in low PD societies, in high FO societies, and in individualistic rather than collectivistic societies. These results are consistent with the results reported by Shipper et al. (2007) on one multinational corporation in five countries, in which 360-degree feedback process interventions were found to be most effective in creating actionable knowledge in cultures low in PD and high in individualism. Interestingly, in our study, none of the cultural practices were related to PA systems that combined both individual-focused and organizational-focused PA, and none of the interactions between the societal cultures and the combined PA systems were significant. These results should be discussed in the context of the "split roles" of PA, in which organizations often use PA for both developmental and administrative purposes (e.g., Beer, 1981; Meyer, 1975). One possible explanation for these results is that organizational-based PA and individual-based PA compensate for the opposite effects of each other in a particular societal culture, resulting in nonsignificant results. Thus, it seems that adopting both personal- and organizational-based PA could help reduce negative reactions associated with the incongruence of culture with the use of only one of the two types.

One of the main methodological strengths of the present study is the independence of its data sources. Whereas the organizational-level data on PA, absenteeism, and turnover have been obtained from the CRANET study, the country-level data on cultural practices and values have been obtained from the GLOBE study. The consistent theory-based relationships revealed in the study, in data sets drawn from such different sources, naturally strengthen the conclusions that can be drawn. Moreover, the similarity of results for the two data sets (1999 and 2004) strengthens our confidence in the validity of our findings. Another contribution of the study is the use of multilevel analysis. Most previous studies focused on organizational effects (e.g., Brown, 2005), but few have examined the interaction between variables at the organizational level and the national level, taking into account the nested structure of the data: organizations within countries, in this case.

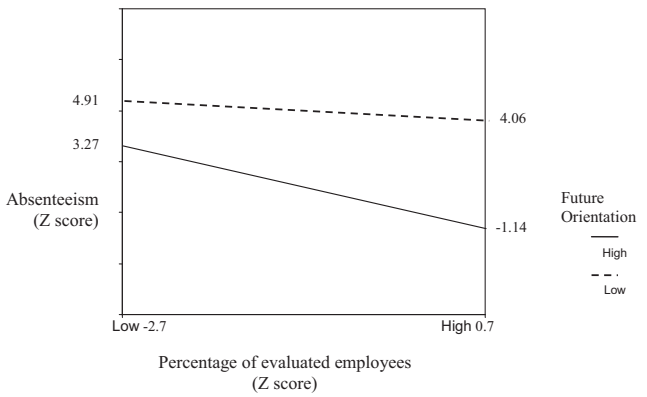

Figure 2. Interactive effect of organizational-based performance appraisal and future orientation on absenteeism.

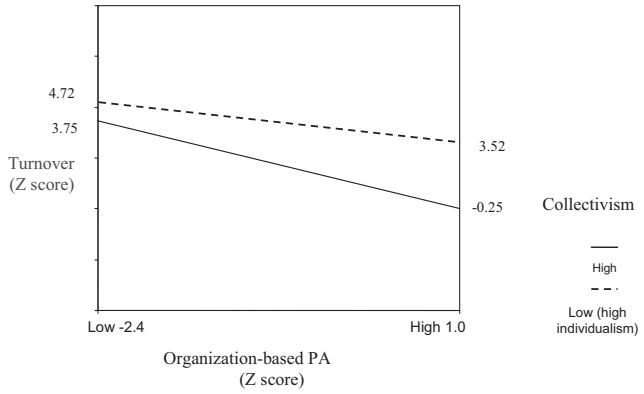

Figure 3. Interactive effect of organization-based performance appraisal (PA) and collectivism on turnover.

In future studies on societal culture and PA, it would be useful to incorporate the individual level of analysis, for example, by investigating individuals' perceptions of and attitudes toward PA systems and work values. It would also be beneficial to expand on the types of PA practices studied, to include, for example, strength of the relationship between PA and pay, and whether performance measures are absolute in nature (individuals' performance compared to predetermined performance criteria) or comparative (relative/ranking) in nature. Moreover, future studies should incorporate corporate culture and related organizational polices and strategies into the study on national culture and PA. Future studies should also examine the effects of including additional control variables for the outcomes of turnover and absenteeism, such as countries' unemployment rates or patterns of policies on absenteeism. Future studies should also aim to improve our understanding of the strategic congruence between societal cultures and other HR activities (e.g., compensation, selection) as well as examine high-performance work systems, focusing on the configuration of HR management practices in the context of societal cultures (Huselid, 1995; Wright & McMahan, 1992).

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