

STRATEGY FOR EMPLOYEE APPRAISAL FOR MNCs

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ABSTRACT

In the era of globalization, MNCs have expanded, and Thailand's government has been making legislative changes and offering financial incentives in order to recruit them (TMF Group, 2018). Performance evaluations were found to be influenced by the focus placed on the bottom line and the supervisor's personality. This research suggests that the host country manager's perception of their psychological contract with the organization is commonly violated as a result of the appraisal. According to the author, a more complete picture of the employee-employer relationship in a global context can be gained by combining the perspectives of performance appraisal and the psychological contract.

KEYWORDS: *multinational company, performance evaluation, national culture, organizational culture, trust.*

INTRODUCTION

In the era of globalization, MNCs have expanded, and Thailand's government has been making legislative changes and offering financial incentives in order to recruit them (TMF Group, 2018). As indicated by the fact that Japanese MNCs made up more than half of Thailand's manufacturing in 2016, these policies have been highly successful in keeping Thai-based MNCs and attracting international MNCs to Thailand (Janssen, 2016). MNCs also contribute to Thailand's economic growth by conducting research and development in the country, which results in the creation and diffusion of new information and technology.

When it comes to boosting the Thai economy, MNCs can have a significant impact if they are effective, which in turn depends on how well they are run by the people who work for them. An increasing body of research shows that employee engagement is directly linked to growth as measured by profitability, achievement of divisional or organizational goals due to good task performance, individual goal achievement, innovation, and contribution in terms of effort, productivity,

LITERATURE REVIEW

CHONG LI (2021) MNEs are constantly under pressure from a variety of sources, including economic, social, and informational ones, as a result of the growth of global commerce. Making MNE plans in this situation is expected to meet those needs, which include global market integration, national responsiveness, and global learning. Multinational strategy, global strategy,

international strategy, and transnational strategy are among the most commonly used in MNEs' internationalization process. This paper will discuss the benefits and drawbacks of pursuing a global approach. An entrepreneurial subsidiary will also be selected for further investigation and development, as well.

NGAOCHAI SUNGMALA, AMARA VERAWAT (2021) Employee engagement and individual performance outcomes (e.g., growth, achievement, contribution, and customer satisfaction) were the focus of this study, which was conducted in a rapidly developing international business hub, Thailand. A sample of multinational firms' employees (n = 423) completed a survey on employee satisfaction and individual performance results. Linear regression analysis was used to examine the data. Growth ($\beta = 0.887$), contribution ($\beta = 0.872$), and customer satisfaction ($\beta = 0.867$) all had significant effects, but achievement ($\beta = 0.899$) had the most pronounced influence.

RITU TRIPATHI, MOHAN THITE (2021) many conventional components of performance management systems (PMSs), such as the bell curve, have been abandoned by major IT multinationals in recent years, according to these companies. Employees' reactions to the change have not been studied empirically to date. Using an inductive method and an employee-centric theoretical lens, we analyzed the perceptions and satisfaction levels of employees (n = 426) at three Indian IT services and business solutions multinational firms with the revised PMS. However, the disparity between the present and future aspiration perceived purposes of PMS was substantially greater than that between the current and historical goals. PMS satisfaction levels and alignment with other human resource tasks and leader-member exchange were only somewhat satisfied.

DANCHI TAN (2020) based on 25 years of scholarly international business publications; we present a thorough overview of the evolution of multinational businesses (MNEs). Using Penrose's theory of firm growth as a lens, we integrate research findings on the factors that influence the expansion of multinational corporations (MNCs). According to the study, there is a lot of research out there on how to grow MNEs, and this review takes stock of that research. It also explains how Penrose's theory can be applied to this research, and how it can't. Comparing these two examples shows the potential for developing a theory of MNE growth that connects "what an MNE is" with the determinants of its growth. Exogenous factors (e.g., cross-country distances) have long been seen to be important limits on international growth, even though the Penrose lens urges a close analysis of endogenous factors that drive international growth, and the ostensibly exogenous growth determinants. MNEs' growth and administrative coherence are shaped by firm-specific management knowledge and learning, which is highlighted in the review.

FAYAZ ALI SHAH, DR. ROSMAN MD YUSAFF (2012) while conducting business across borders, multinational companies employ a variety of different organizational structures and techniques. First, it discusses what a multinational company is and how it works; next it analyses and compares the main components of its strategies and structures; finally, it discusses the advantages and disadvantages. For this type of review, a thematic approach rather than a chronological one was adopted because of the goal and strategy required. Using a thematic method,

it is possible to look at a certain topic or theme without taking into consideration the sequence in which the research was completed. Towards the end of the review, we'll talk about how these strategies relate to global human resource management and what it means for various companies' strategies and structures (IHRM).

METHODOLOGY

Industry and Participants

It was determined that PAs are now being used by medium-sized Australian subsidiaries of a healthcare industry MNC, which was the subject of the study. Because the healthcare industry encompasses a wide range of products and services, this study focused on companies in the diagnostics, devices, and life science and equipment sectors. It is estimated that the industry is worth \$A 5 billion in local sales and employs over 10,000 people in its Australian subsidiaries (CSI, 2005). (CSI 2005) Eighteen of the twenty-four MNCs requested for an interview were accepted. The survey included companies from the United States, the United Kingdom, Denmark, France, Sweden, Norway, and Germany.

ANALYSIS

Appraisals were evaluated based on information gathered through interviews with MNCs. We used the term "exemplary" to refer to the informants' assessments of the HCM's effectiveness as gleaned from the data. Appraisal effectiveness is evident in three ways: first, the MNC's own progress, second, its motivation and thirdly its assessment of how much benefit the appraisal has had on the MNC as a whole. As a result, informants who thought their PA was effective used the phrase 'exemplary' throughout the research. The data were coded using NVIVO software and the constant comparative method of qualitative analysis. A variety of coding techniques were employed. Code mapping, memo authoring, and substantive, open, and theoretical coding were all completed. The initial investigation was focused on uncovering the root cause of the problem. After this, the investigation focused on identifying the core category, in this case a process that established the theoretical framework. Inductive and deductive reasoning have been interspersed throughout the framework's development. In the beginning, the researcher gathered data and gathered information inductively. After that, the researcher took a deductive method, which allowed him to step back from the data and focus on the information that was still missing. Constant comparative analysis was used to create theory because each data point was compared to every other data point rather than comparing totals of indices (Glaser & Strauss, 1967).

RESULTS

Satisfaction with Performance Appraisal

There was a lot of use of PAs, but they were done poorly. But more than 41% of these appraisals were completed over the phone without any face-to-face contact with any MNC, with the exception of one. The feedback and follow-up were found to be quite unsatisfactory, according to the

findings. 78 percent were disappointed with the report and 95 percent had no follow-up following their evaluation. Fewer than a third of multinational corporations (MNCs) felt that their current evaluation was beneficial. Few meetings were found between the MNCs and her/his boss. One informant met his boss three times a month, whereas the other hadn't seen him in two years. Every two months or so, the executives of MNCs and their supervisors met. Each HCM was also asked about how and where they first met their boss.

There was a wide range of opinions expressed in the responses. It was common for HR managers to make an annual trip to the headquarters or, in the case of regions, to make it twice a year. When visiting regional or head offices, several employees said that they were rushed and had little opportunity to interact with their supervisors. Interestingly, 41% of those surveyed said they based their evaluations of their own performance on information obtained from three different sources (their own, their colleagues, and their subordinates). Most businesses used the PA results to determine bonuses, but only 23% of MNC supervisors used the information to make training and development decisions.

Three multinational corporations (MNCs) were determined to have excellent PA systems (or appraisals that were considered by the informants to be effective). Two of the companies were based in the United States, while the third was based in Europe. There were a number of standout features in the MNCs that were conducting exemplary performance appraisals, including frequent and face-to-face contact with the supervisor and regular feedback and follow-up, as well as a clearly defined career path that, according to these informants, would significantly contribute to their long-term retention in the company and thus gave their appraisal a purpose. When compared to the performance criteria, the exemplary companies found using the grounded theory methodology were immediately apparent. It was clear to the informants that they had a bright future ahead of them at their current employer.

Table 1: Respondent Demographics

Position	Gender		Education				Age				
	Male	Female	High School	Diploma	Bachelor	Master	20-29	30-39	40-49	50-59	60-69
Manager	38	7	2	6	27	11	2	14	22	4	1
Employees	39	11	2	8	36	4	16	27	7	0	0
<i>Total</i>	77	18	4	14	63	15	18	41	29	4	1
Na	6		5				8				

Table 2: Multivariate Analysis of Variance (MANOVA) and multiple ANOVA's Results

Panel A		
<i>MANOVA to P2,P3,P4</i>		
	F	P value
Intercept	1695.654	0.000
Rank	3.118	0.030
Panel B		
	F	P Value
<i>ANOVAs (test significance = 0.0167)</i>		
P2 (Employee vs. Job)	9.456	0.003
P3 (Parochial vs. Professional)	0.071	0.791

Influences on Performance Appraisals

Two key issues were found in the data, both of which have a significant impact on MNCs' PA processes. 1) The emphasis on financial results; and 2) the supervisor-employee interaction were found to be the two most pressing issues.

Influences on Psychological Contract

Three MNCs were found to have a positive psychological contract with their MNCs based on the evidence. A robust social interchange was demonstrated by all three of the interviewees towards their employers. People who received exceptional evaluations, such as those in this study, had a more positive outlook on the future with their organizations, and this led them to indicate that they felt more secure in their jobs than those who did not. In other words, the exemplary informants believed that their organizations knew their implicit *raison d'être*, while the informants stated that they understood the explicit demands of their organizations, respectively. According to one source, "I feel we are all singing from the same hymnal." An excellent informant stated, "I believe that my expectations have been and will continue to be met by xxxxxxxx." The study found that the expectations of the exemplary informants were in line with those of their organizations. According to the remaining informants, their expectations of the appraisal procedure were not met because they received non-exemplary evaluations. According to the informants, this implied that their organizations were not meeting their obligations under the psychological contract. In other words, multinational corporations (MNCs) failed to live up to their own implicit standards.

The Bottom-Line

The core category, which was referred to as 'Bottom-Line', was discovered to be the focus of the grounded theory process. This was discovered to be a common denominator for all of the observed events. Everything was discovered to be contingent on the firm's commitment to ensure sales and profit - i.e., the "bottom line". To attain financial and quantitative results for their job, all HCM informants in the survey spoke regularly about market shares and sales volumes. There was a lot of pride shown by MNC employees about how well their subsidiaries were doing financially, often outperforming other countries. Often, this was one of the first things they wanted to share with the researcher. All of the people who participated in the study felt that their findings were a great

accomplishment. It was also mentioned by the informants that the firm's focus on bottom-line metrics over all other metrics was a major issue for the company. Throughout the research, it was clear that the participants understood how important it is to perform well financially. As a matter of fact, this is the main reason why most companies exist. Shareholders in the healthcare industry want substantial returns on their investments; hence the focus is on short-term gain in accordance with western business theories.

Relationship with Supervisor

The quality of the HCM-supervisor connection was shown to be influenced by the number of encounters, the superior's willingness to comprehend Australian conditions, and the HCM's role. The relationship was found to be dependent on the supervisor's relationship with the HCM. MNCs in this study thought that the quality and frequency of their interactions with their supervisors and managers were critical to the effectiveness of their assessment interviews. An effective performance review cannot take place if there is not adequate trust or a strong enough relationship between the parties involved. But only three multinational corporations were in touch with their superior more than three times over a 12-month period, with all of these companies viewing their appraisals as effective. As a result of this lack of knowledge, many of the interviewees believed that they were frequently assessed severely by their supervisors. Face-to-face contact, feedback, and follow-up were found to be three of the PA's biggest drawbacks. Either the focus on the bottom line or the relationship with the boss was to blame for these restrictions. As a result, there is a connection between the fundamental categories and the appraisal restrictions. For an evaluation to be successful, it was determined that regular interaction, preferably face-to-face, and evaluation follow-up were both required. This is shown in Figure One, and it represents the 'Bottom-Line' social process as one of two major categories (the largest cog). The 'Relationship with Supervisor' is the near-core category (medium-sized cog) on which the PA was dependent. Represented by the three little cogs, are the restrictions.

EMPLOYEE PERFORMANCE

It is possible to characterize employee performance based on the actions and efforts taken to attain certain workplace goals, or on the results of those actions and efforts (Pradhan & Jena, 2017). What employees contribute to their businesses is a focus of input-based definitions; thus, these definitions envision performance as a result of both ability and effort (Obisi, 2011). (Anitha, 2014) Performance is defined as the financial and non-financial implications of employee behavior that affect the success of their organizations (Anitha, 2014). For example, Pradhan and Jena believe that performance should be defined as the sum of task-related, adaptive and contextual outcomes.

Growth: The profitability of a division or organization has traditionally been used to define and quantify actual growth and growth potential (Harter et al., 2002; Sorenson, 2013). Growth depends on the performance of employees, according to evidence (Obisi, 2011).

Achievement: Meeting predetermined objectives is an example of achieving success (Dugguh & Ayaga, 2014). As a result, success is measured by the extent to which people contribute to the

accomplishment of the goals of their departments, teams, or organizations. Metrics such as revenue per employee or revenue per client within a specific division have been used to evaluate success (Harter et al., 2002).

Contribution: The term "contribution" refers to all of the skills and actions performed by employees in order to assist their organizations or divisions in achieving their specific goals. Many factors go into its definition, such as the employee's willingness to put in the time and effort needed to complete a task as well as his or her ability, willingness to tolerate failure, and level of support from coworkers.

Customer satisfaction: As a result of the customer's post-purchase appraisal of a service or product's quality (Cengiz, 2010), customer satisfaction is an indicator of customer service performance (Sorenson, 2013). Customers who are satisfied with their service or product are more likely to return for more and to recommend the company to others (Chi & Gursoy, 2009). As a result of taking care of their staff, organizations tend to provide better service to their consumers as a result.

CONCLUSION

Two primary issues that have a significant impact on the PA process at MNCs were identified by this research. This is due to two factors: first, a focus on short-term sales and profit, referred to as the "bottom line," constrained the MNCs' assessment. For one thing, the HCM was unable to benefit from the close relationship she or he had with her or his supervisor, who was more concerned with sales and profits than the MNC's appraisal. An emphasis on short-term profit (referred to as "the bottom line") was found to be the study's "central category" in grounded theory terms. A secondary or 'near core' finding is the existence of a working relationship with a supervisor. Some of the flaws of the MNC's assessment have been highlighted by this inquiry. HCM and MNC's psychological contract would be affected by the appraisal, it has been discovered. There are a variety of ways to alleviate these restrictions.

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