Chapter 5
Discussion and Conclusions

5.1 General Conclusions and Hypothesized Relationships

This research study is an attempt to identify PMS practices that impact PMS satisfaction and perceptions of effectiveness of PMS among Indian IT knowledge workers and therein study the relative importance of those factors in generating satisfaction with PMS. One of the primary purposes of this research was to empirically examine the relationship between components of PMS as stated in theory and the perceived satisfaction/effectiveness of PMS implementation in the Indian IT industry. Hypothesized relationships developed from general theory and previous research have been tested for IT professionals working in Indian firms (in India) and on expatriate assignments (in the USA), who have been asked to provide their perspectives on the different phases of the performance management cycle. Data have been collected with the help of two questionnaires from a total of 308 IT professionals, 206 of whom are employed and placed in domestic Indian organizations and 102 of whom have been deployed on expatriate assignments in the USA. To enable a comprehensive understanding of perspectives of IT professionals on PMS, both sets of data have been collated and analysed separately. The statistical findings reflect two realities: 1) primarily there are certain factors that cut across the sector and its employees irrespective of the location of employment and 2) there are certain results which are unique to each set of employees.

At the onset, the very model for the Backdrop for PMS (Performance Culture) renders very different results for both sets of IT professionals. In fact, the model suggested has been found to be completely irrelevant for Expatriates whereas the factors ‘Integrative Involvement & Communication’ (β = 0.431, p < 0.05) and ‘Knowledge and Awareness of PMS’ (β = 0.248, p < 0.05) have been found to be relevant for domestic employees working in their parent organization.

Hypothesis 1: ‘Aspects of Backdrop for PMS in the parent organization contribute to SPM of Indian IT professionals’ is accepted for domestic IT professionals and is rejected for expatriates.
Employees in their home country organizations are in continuous interaction with their immediate work environment, policies and norms. Management decisions have obvious impact on their everyday work experiences. Hence, it is expected that the work culture within the organization impacts the very functioning of the individual(s). Mitchell & Daniels (2003) state that individual differences in knowledge, skills, and dispositions combine with features of the IT work environment, such as norms for hard work, positive expectations, and elements of task design to enhance motivation (e.g., challenge and autonomy). Amar (2004) discusses the role of job antecedents in motivating knowledge workers and states that a number of job antecedents may come from the job content as well as the job’s environmental factors. It is imperative that managers create a work environment in which employees can make a difference. Managers should convey to employees that their ideas count and are welcome. Organizations need to load jobs with environmental job antecedents so as to motivate employees to take independent initiatives and put in the extra effort to make their employers successful (Messmer, 2001; Amar, 2004).

Knowledge workers feel the need to contribute to their organizations above and beyond their stated job descriptions. Participation and involvement in the overall growth of the organization motivate them. The feeling that they are well aware and somewhat in-control of the systems that govern their work-life is a state which satisfies their work experience. Organizational communication plays a vital role in promoting feelings of belongingness and organizational culture should promote an open pattern of communication. An effective organizational communication strategy sets the benchmark for ‘learning’ or ‘knowledge’ organizations (Gwynne, 1999). Performance management practices in high performance professions such as IT should reinforce the employee’s perception that he plays a larger role than just a cog in the system. Knowledge workers have a strong need for autonomy and control over one’s work processes within the workplace, a fact that corroborates Drucker’s (1999) description of the very nature of knowledge work stating that KWs must identify the task themselves and be given autonomy with minimal interference.

In the case of expatriation, however, performance ratings are mostly based on combined feedback from the client organization (of assignment) and the onsite delivery manager of the parent organization. Despite technology allowing virtual connectivity, predominantly ‘net centric’ communication poses a problem in maintaining the organization’s identity and culture, helping managers with control and relationship building issues, and avoiding
potential employee problems with employee adjustment and retention (Singh, 2012). Expatriates are physically placed in client organizations and their deliverables are defined and executed within the client environment. One of the primary responsibilities of professionals employed at client locations is to adhere to the norms and standards of the clients’ work environment. This takes priority over any of the guidelines or norms that are required to be followed at offshore locations. The physical absence from the direct work environment, where decisions are being made, results in the expatriate feeling disconnected and thus deprived from continuous interpersonal communication, observation and involvement in the policies being framed. This might explain why organizational environment and backdrop do not impact how they perceive their appraisals.

Results also negate the existence any significant relationship between Team Cohesion and SPM.

Hypothesis 5: ‘Effective PMS leads to team cohesion in the Indian IT sector’ is rejected on both counts.

The design and structure of assignments in IT organizations are largely team based (project teams) and the successful completion of a project (or a phase thereof) depends upon the efficiency of the team to whom it is allocated. In matrix organizational structures, sometimes resources (employees) are allocated to more than one project as a ‘shared resource’ based on project allocation percentages. Members of the same project team may be placed across different geographical locations (often onsite/offshore) to reap the benefits of ‘real time’ participation in the project. Project teams are mostly temporary in nature and are disbanded once the deliverables are moved to product implementation which signifies the end of that phase of the project. Team considerations, therefore, may not be priority for individual employees in the context of performance management. Cicek et al. (2005) stress on the need for promoting team growth and improvement of team processes through team performance measurement and development measures. They state that the teams themselves should understand how their performance affects external customers as well as the other teams and employees. A team performance appraisal system should help deploy organizational goals to the employees, and the teams should in turn be able to see their contribution to the goals. Such a system is expected to result in the establishment of fate-dependency among team members. Finally, assessment of a team’s structural characteristics
and maturity level as part of its performance evaluation also helps to identify responsibilities and authorities that should be assigned to the team during the empowerment process.

Despite the significance of work teams in project based IT organizations, reviews and ratings are centred on individual goals and accomplishments. IT professionals need autonomy and ownership of task to feel free to exercise their intellectual capabilities in the workplace. Teams are functional as long as the individual roles are precisely clarified, allocated and assigned. Though knowledge sharing is considered an important element of the IT work environment, there is little evidence that links PMS to team building or cohesion. Career progression and mobility are largely perceived to be a result of individual accomplishment.

**Performance Planning is an area that has been identified as significant to both sets of IT Professionals- ‘Linkage to Organizational Goals (alignment with organizational values and goals)’ (β = 0.286 < 0.05) and ‘Supervisors Attitude towards Involvement and Preparation for Job Performance’ (β = 0.462, p < 0.05) for domestic professionals; and ‘Linkage to Organizational Goals (alignment with organizational values and goals) (β = 0.370 < 0.05) and ‘Supervisors Attitude towards Involvement and Preparation for Job Performance’ (β = 0.281, p < 0.05) for expatriates have been found to impact satisfaction with PMS.**

**Hypothesis 2: ‘There exists a positive linear relationship between performance planning practices and SPM in the Indian IT sector’ is thus accepted for both groups.**

This proves that irrespective of who the rater is or where the rating is being done, clarification of goals and targets and effective performance planning is imperative for effective PMS.

Tziner and Latham (1989) state that “through the process of goal-setting the appraisee receives a broader picture of his work unit and the organization’s objectives, and how goals set for him relate to and contribute to his work unit and his organization's accomplishments.”

The IT professional gives importance to his role in the organization. How well strategic direction of the organization is communicated and the strategic relevance of the individual’s role in the organization is clarified are perceived relevant for efficiency of the PMS. Although the job has always been considered an important motivator, its significance is more
pronounced with knowledge workers. Having a job that excites them is a necessary condition to keep these employees motivated. A knowledge worker’s work is the primary source from where he/she experiences either attraction or repulsion to not only the job itself but also the organization. Understanding and interpreting knowledge work begins with designing and managing jobs from the motivation perspective which in turn requires a broader look at the PMS used to monitor and enhance employee motivation and thus performance. The two variables on which performance traditionally relies namely, inputs that employees bring to work, such as their skills, experience, and effort, and mundane quantitative outputs they produced, such as the ones measured against well understood standards, become invalid as measures of performance in the knowledge environment. There are so many performance unknowns in the knowledge environment that no absolute reliable standards can be set. Thus managers need to look at aspects of performance wherein useful knowledge and initiative is applied for the benefit of their organization (Amar, 2004). Another feature of the IT industry is the simultaneous allocation of the employee on multiple projects. In such complex matrix environments, it is the responsibility of the supervisor (s) to ensure that appraisals are factual and developmental guidance is relevant to the work being done. Role conflicts and time management issues may require the intervention of the supervisor for which he must be well equipped.

Interpretations of the concept of knowledge work suggest that knowledge work is a combination of unique skills, work methods and intelligence. The largely undefined boundaries of knowledge work render assessing knowledge work a complicated task. Setting of tangible goals in an industry dealing with intangibles is also a compelling task for any supervisor. Thus, it is important that the appraiser possesses the technical understanding of not only the job being appraised but also the nuances of complex knowledge work which might not lend itself to the tradition of ‘by-the-book’ evaluation mechanisms. The supervisor must be able to foster an environment of professional competence and instil trust confidence in the mind of his appraisees. Knowledge workers prefer autonomy and are largely self-driven. Recognition and reward is important to them in terms of motivation as is a comfortable work environment (Smith and Rupp, 2003; Glen, 2003; Isaac et al., 2001). The ever changing technological arena and the threat of obsolescence of skills calls for supervisors being able to define career development opportunities through learning opportunities and widespread exposure to a variety of tasks and roles. The occupational commitment exercised by IT professionals reflects the need for the supervisors to reflect
occupational competence so as to evoke feelings of trust and confidence in the work environment.

In the context of Performance Review and Feedback, both sets of IT professionals give highest weightage to objective, transparent and fair feedback—‘Objective Feedback, Transparency and Action Planning with Supervisor’ ($\beta = 0.548, p < 0.05$) and ‘Balanced Approach to Strengths and Improvement (unbiased, fair and objective appraisals)’ ($\beta = 0.297, p < 0.05$) for domestic employees and ‘Objective Feedback, Transparency and Action Planning with Supervisor’ ($\beta = 0.682, p < 0.05$) for expatriates have been found to have a significant impact on SPM. Here, it might be observed that the supervisor’s skill in terms of quality of feedback and capability for objective feedback and constructive action planning is of utmost importance to IT professionals irrespective of geographical location of assignment.

Previous research suggests that it makes little difference what appraisal instrument is used and the perceived relevance of the appraisal instrument is not an important factor when employees are rated on a subjective instrument. In such cases assignment of accurate ratings is more dependent upon the supervisor than upon the relevance of the instrument (Dipboye and Pontbriand, 1981; Fay and Latham, 1982; Kleiman et al., 1987; Kumar, 2005).

Hypothesis 4: ‘Perceptions of fairness have a positive linear relationship with SPM is accepted for both groups of IT professionals.

The supervisor’s competence set needs to include the ability for effective decision-making and sound judgment so as to effectively evaluate the subordinate’s actual performance on various rating criteria. In an industry such as the IT Industry, where quantifying contributions is essentially a difficult task, the competence of the rater is a defining factor in effective implementation of PMS. It has been seen that dissatisfaction with appraisals often occurs due to inefficiency and inaccuracy of the appraiser’s observation and poor judgment skills. Research suggests that the rater’s competence is related to employee satisfaction with the system and process. Common complaints that surface include the rater’s lack of knowledge of ratee’s job, possession of erroneous/incomplete information or differing expectations because of level of hierarchy & roles, bias and errors in human judgment as well as existing stereotypes & prejudices which taint the reviews.
Feedback is the medium via which the appraisee receives information about how well he meets organizational expectations and work requirements. This knowledge of results plays a motivational role because it allows the individual to experience positive feelings about himself. The employee may perceive that the superior recognises his accomplishments, ambiguity concerning his advancement odds may be dissipated following a performance feedback session, or, perhaps, he may perceive the very interpersonal interaction of feedback as a reflection of fair, people-oriented treatment from his superior (Tziner and Latham, 1989). Agrawal and Thite (2006), in their research on the importance of soft skills for IT project managers, state that software professionals in leadership positions are reluctant or unable to look beyond their technical horizon and understand the dynamics of organizational and social issues. Though the tenets of micromanagement may not apply to knowledge workers who prefer covert instead of overt styles of managing, in the context of appraisals it is important that the supervisor is able to communicate the purpose of the performance appraisal system and how it is being leveraged in light of promoting the professional intellect (Narang and Dwivedi, 2010; Smith and Rupp, 2004). In many organizations, appraisals have been upgraded to an online, paperless mode. In the case of modern modes of mass communication such as email, misunderstandings may lead to toxic worry as a commonplace symptom of the modern knowledge worker environment. Organizations in general are in danger of losing what is referred to as the human moment – an authentic psychological encounter that can only occur when two people share the same physical space (Smith and Rupp, 2004). Employees must be able to say what they think, share new ideas and risk making mistakes. They should be given the opportunity to provide feedback and be able to accept criticism. Creating an environment where individual members of the organization can speak freely is crucial for creating cohesive and successful work teams (Armstrong and Baron 1998, 2005).

IT organizations need to recognise the need for appraiser training in the processes of managing, motivating and evaluating employee performance. The components of pre-appraisal training should comprise feedback and communication skills, goal setting and documentation skills, conducting appraisal interviews and counselling skills, practice in using the rating form and training appraisers to avoid bias. Training should also contribute to a complete understanding of the philosophy and nature of the PMS in practice. In the case of KW appraisals, covert management skills would be of utmost importance as traditional micromanagement would not go well with the autonomy and flexibility requirements of
knowledge work. Dealing with weak performance would entail a good understanding of the employee’s job and require a continuous feedback mechanism which though corrective should not be intrusive. Agrawal and Thite (2006) suggest that it is important that organizations initiate measures to develop soft skills in IT project managers as a strategic priority. Some of the measures they suggest include incorporating soft skills as an important measure of selection and performance assessment of project managers; providing necessary training and learning environment to help project managers acquire the soft skills; recognizing and rewarding project managers with exceptional soft skills and projecting them as appropriate role models and mentors; and designing and implementing appropriate career management strategies that ensure smooth transition of technical professionals into leadership roles. Project management skills such as scheduling, time management and resource allocation are some practical areas of training offered to those managing project teams.

**Hypothesis 3:** *Perceptions of supervisory effectiveness have a positive linear relationship with SPM is accepted* for both domestic employees and expatriates

Project Managers play a pivotal role in performance facilitation and assessment. Singh (2012) in her study of IT organizations says that for PMS to be effective, it has to be supported by strengthening of the project management layer which has been a concern in the Indian context. They are considered the ‘face of PMS’ for the employees. Be it performance planning, appraisal interview, developmental planning, feedback or involving employees in the performance management process; line managers have a very significant role to play in PMS implementation.

In the context of Linkages, the results suggest that domestic employees give weightage to both the evaluative (decision-making) and developmental uses of PMS-‘Evaluation and Reward Linkage’ (β = 0.216, p < 0.05) and ‘Development via Supervisor/Incumbent Collaboration’ (β = 0.585, p < 0.05). However, for expatriates SPM is largely defined by the Developmental uses of appraisals only- ‘Career Growth and Development Linkage’ (β = 0.355, p < 0.05). Motivational aspects of PMS have been found to be irrelevant for both sets of individuals.
Hypothesis 8: ‘There is a positive linear relationship between perceived developmental uses of PMS and SPM’ is accepted.

As seen in previous research, developmental activities such as determining individual training needs and identifying individual strengths and weaknesses appear to increase appraisal and appraiser satisfaction. Professionals in the IT sector work in varied roles such as developers, analysts, system architects and managers - roles that are predominantly knowledge-intensive. Career progression in the IT profession is complicated on account of the heterogeneous job profiles and continually evolving technologies. Though jobs may be defined by virtue of a documented job description, this does not necessarily imply a career path for the individual. Often the nature of the work might be challenging technically but repetitive on account of project requirements being largely decided by the client organization (domestic or onsite) for whom the IT firm is executing the project. On a similar note, there might be limited scope for growth (technically) due to the similar nature of work being done across different clients on the same technology platform. The IT professional may have acquired domain expertise by virtue of working in a particular vertical, over a course of time. This essentially means, that an employee has a fair understanding of the ‘business’ of the vertical (e.g. healthcare, financial services, hospitality or any other service) along with his or her technical expertise. This professional becomes a ‘point’ or ‘go to’ person for business requirements and develops an authority over this domain. He/she is held in respect due to the combined knowledge of the domain of this vertical, technical expertise and the associated business and technical processes. Client organizations would want such professionals to continue with their projects for a longer term and the resource (professional) would also develop a ‘comfort level’ with the clients due to the above mentioned reasons, although they may not be performing technically challenging tasks.

If an employee moves to a different vertical, due to pressure from his/her company, in order to penetrate a new client or simply to fill in an empty position, then this person has to start from a scratch from a domain perspective (e.g. moving from an Airlines domain to a Finance domain) and would lag behind in ‘understanding the business’ from his or her peers, who may be much junior in terms of total experience. This could be a detrimental factor for this IT professional and he / she would have to put in a lot more effort to achieve small results and this could lead to a downgrade in appraisal ratings which in turn could affect employee morale and motivation. The growth trajectory could be a downward curve, unless this
professional shows exemplary performance just on the technical front, overshadowing his lack of domain knowledge in the new vertical, which is highly unlikely.

IT organizations are often unable to chart career progression plans for resources moving from one vertical to another as understanding the domain is always crucial towards the success of any projects. Difficulty in acquiring knowledge in a new domain is further accentuated by lack of documentation of processes at client locations, which is an essential ingredient to successfully understand the business. Hence domain knowledge often exists in the ‘mind’ of ‘business users’ and is often ‘virtual’ due to lack of processes and structured documentation. Moving from one vertical to another in large IT firms is often equivalent to moving to a new organization. In this backdrop, if an organization can focus PMS upon learning and growth initiatives and enable the employee to grow with the organization it would be perceived to be an extremely pro-employee system.

**Hypothesis 9:** ‘There is a positive linear relationship between perceived evaluative uses of PMS and SPM’ is accepted for domestic IT professionals and rejected in the case of expatriates.

Bannister & Balkin (1990) have reported that appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. It might be noted that in this study not only the developmental but also the evaluative (rewards linkage with pay promotions and decisional uses) of appraisals have been found to have a significant relationship with PMS satisfaction in for those working in their parent organization unlike previous studies such as Milkovich & Boudreau (1997) or Boswell & Boudreau (2002) who proposed that due to the sometimes negative nature of evaluations, the perceived use for evaluation may negatively associate with employee attitudes such as PA satisfaction.

A reason for this difference in perceptions could be attributed to the fact that in the case of knowledge intensive professions structured in optimal hierarchies such as IT firms, a tangible connection between performance and rewards and recognition is considered important as a part of mobility and growth in the organization. The knowledge intensive nature of work and the immense volume of software exports to client organizations globally imply that evaluation of the job performance is important to gauge compliance with technical
specifications conforming to global standards. Evaluation of performance would also aid in creating a skill inventory which in turn would enable the organization to map individual and organizational competencies. However, the same result does not hold true for expatriates who by virtue of working in an alien environment do not feel a tangible link between these two factors. Compensation for international assignment is largely based on the client organization- vendor organization onsite rate contracts and other external factors such as cost of living in the country of assignment. Promotions and internal mobility opportunities are limited when on contract with the client organization. Even if considered for promotions (in the parent company) the expatriate can enjoy the benefits of the same only when repatriated.

**Hypothesis 6:** ‘Effective PMS has a positive linear relationship with feelings of organizational commitment among Indian IT professionals’ is rejected.

Chandna and Krishnan (2003) in their study on organizational commitment in IT professional in India found that employees’ commitment to the organization varies across sectors. Employees in the manufacturing sector, exhibit a higher organizational commitment as compared to employees in the IT sector. They also found that that transformational leadership also varies sector-wise. A transformational leader appeared to have an insignificant role to play in the IT scenario.

Affective commitment is defined as employees’ emotional attachment to, identification with and involvement in the organization and its goals. Normative commitment is induced by a feeling of obligation to remain with an organization. Continuance commitment is defined as willingness to remain in an organization because of personal investment in the form of non-transferable investments such as close working relationships with co-workers, retirement investments and career investments, acquired job skills which are unique to a particular organization, years of employment in a particular organization, involvement in the community in which the employer is located and other benefits that make it too costly for one to leave and seek employment elsewhere. In a study on the influence of psychological empowerment on affective, normative and continuance commitment, Jha (2010) confirmed that psychological empowerment influences affective and normative commitment positively. However, no relationship was found between psychological empowerment and continuance commitment. It was argued that employees who perceive themselves less
effective and lacking in direction have low psychological empowerment and, thus, the chances of them having high continuance commitment (they stay in the organization because they have to rather they want to) is more. Employees with high psychological empowerment would have a higher degree of competence in them and thus the feeling of ‘they have to stay in the organization’ will not arise.

The results of the current study are not in agreement with Paul and Anantharaman’s (2003) conclusions that performance appraisals impact organizational commitment. They proposed that employee participation in the appraisal process, equity, fairness and justice will add to organizational commitment. The findings of this study corroborate the belief that IT knowledge workers hold a stronger allegiance to their occupation and work as compared to their organization. PMS represents how their work is organized, expectations stated and the results interpreted. The developmental and evaluative aspects of PMS are perceived as important and the extent to which the individual enjoys the work given to him/her and is valued by the organization is significant. The threat of obsolescence and stagnation overrides the individual’s sense of organizational loyalty. A high performance rating and good salary signify the potential for growth to the next level ether in the same organization or greener pastures. IT professionals carry their intellectual capabilities with them when they move across organizations. A highly skilled, technically sound domain expert is an asset coveted by the organization rather than the other way round.

Hypothesis7: ‘Effective PMS contributes to employee motivation among IT professionals’ is rejected.

Studies in this area suggest that conventional approaches to motivation within the industry might be outdated. They have concentrated on rewards and recognition, whereas some experts have identified software engineers as having a distinctive personality profile (Capretz, 2003) that are instead motivated by the nature of the job, e.g. technical success and challenging technical problems (Couger and Zawacki, 1980).

It is believed that knowledge workers are self-motivated individuals who value their occupational commitment as opposed to organizational commitment. In the context of motivation it should be noted that IT professionals experience numerous sources of stress that are universal across occupations and work environments. Research shows that similar
to other professions stress in the IT profession results from intensive work demands, complex relationships with others, career concerns, system maintenance, role ambiguity, and tedious administrative tasks. IT professionals also experience stressors such as fear of obsolescence, team and client interactions, role overload, work culture issues, technical constraints and competing work and family demands (Lim and Teo, 1999; Rajeswari and Anantharaman, 2003; Major et al., 2007). With this backdrop, it is increasingly important that human resource professionals realize that the performance appraisal function needs to focus on the changing times and provide a platform for healthy competition and scope for motivation and employee development. However, empirical findings of this research suggest that Indian IT organizations are yet to imbibe relevant motivational considerations in PMS.

In view of the unique conditions of expatriate assignments and their possible impact on how PMS is conducted for expatriates, this study has explored the different facets of Expatriate Experiences which may influence SPM. ‘Significance of Assignment and Growth Possibilities (including post repatriation)’ (β = 0.421, p < 0.05), ‘Suitability of Assignment (congruence with skills)’ (β = 0.258, p < 0.05), ‘Onsite-offshore Coordination’ (β = 0.278, p < 0.05) and ‘Cultural Adjustment and Socialization’ (β = 0.126, p < 0.05) have been identified as having a significant impact on SPM.

Hypothesis 11: ‘Expatriation management practices have a linear positive relation with SPM for expatriates in the IT profession’ is accepted.

IT professionals form a large chunk of the total knowledge workers working globally- their motivations are largely guided by their perceptions of organizational support, intrinsically challenging jobs and a certain degree of self management on the job. This in turn implies that HR professionals need to chart tangible career paths, devise efficient performance management systems and design challenging jobs so as to foster expatriate satisfaction and encourage performance (Webb, 1999; Morgan et al., 2004). IT professionals are happier working on site (international) than having to cope with the 12 hour time difference had they been working on the same project back home in the regular offshore outsourcing mode (domestic offshore support/development). Expatriates receive significant personal and self-development benefits from foreign assignments. They gain a broader, global perspective on the firm’s operations. Their communication skills are enhanced as a result of their exposure to different cultures. The more complex the environment, the more it
enhances their planning and coordination techniques, thus, confidence increases. This type of development can have positive career and organizational implications. It has been seen that expatriates demonstrate a high commitment to the international element of their careers and to its value as a means of securing organizational success into the future (Suutari, 2003). Bonache (2005) in a study comparing satisfaction of expatriates to both domestic employees and repatriates found that expatriates are in general more satisfied with a number of job characteristics. Specifically, they value more positively the extent to which their jobs have task variety and autonomy, provide opportunities for learning, allow them to apply their knowledge and give them enough responsibility.

Given that IT projects cover a large range of technical knowhow (and roles ranging from developers, analysts, system architectures and managers) selecting the right person for the right project is important. Previous exposure to that technology and similar projects is imperative selection criteria and only those fulfilling this criteria paired with willingness to relocate should be presented to the client for selection. Hsi –An Shih, Chiang and Kim (2005) report that most organizations do not provide on-the-job training for expatriates for their overseas missions. This may be because some expatriates are at the management level, and their companies find less need for these managers to receive on-the-job training. On the other hand, the lack of on-the-job training may be because the organization lacks a comprehensive plan for capitalizing on their global management capital. It is imperative that the best suited candidate is sent to fill a vacancy in a client organization. If the skills required for the assignment are commensurate with the expatriate candidate’s skills and experience (‘congruence with skills’), not only would this increase the candidate’s confidence and willingness to relocate, the organization also stands to gain by minimizing the chances of expatriate failure and premature return of the expatriate.

‘Onsite-offshore coordination’ is of utmost importance for expatriates. In most cases, performance management (the appraisal) is handled by the parent organization with feedback being taken from the client (supervisor/manager). The onsite account manager (usually a parent company employee) is the liaison between the parent organization and the client (and thus the expatriate) and is responsible not only for gathering feedback but also smoothing any hiccups in the work experience along the way, identifying new positions that can be filled by the incumbents and thereby contributing to the expatriate experience. Effective coordination is thus imperative for an effective PMs for expatriates.
The factor group ‘cultural adjustment and socialization’ addresses the issues pertaining to cross-cultural adjustment both in the workplace and in daily life. Feelings of stress in a new work environment, ability to decode the communication (verbal and non-verbal) and social etiquette and acclimatizing oneself with the way work is done in terms of interpersonal and team protocols comprise this set of factors which impact satisfaction an expatriate feels while on assignment. Expatriate adjustment has been commonly defined as “the degree of comfort or absence of stress associated with being an expatriate” (Bhaskar-Shrinivas et al., 2005). Black, Mendenhall & Oddou (1991) provide a framework for the three different levels of adjustment in the expatriate experience. General adjustment is the degree of comfort with living conditions, climate, food, housing and cost of living. Interaction adjustment is the individual’s comfort at socializing and interacting with host nationals. The third dimension is adjustment to work, which includes understanding and adapting to foreign specific work duties, responsibilities, standards and expectations. Expatriates reach a level of comfort when all levels of adjustment have been satisfied. Studies have revealed several factors associated with expatriates’ improved sociocultural adjustment, such as psychological hardiness (White et al., 2010) and perceived distance between the expatriate’s native culture and the host culture (Jenkins & Mockaitis, 2010). In this context, the role of the extent and nature of support from the employees’ own organization cannot be ignored. Close contact with the newly assigned expatriates and continuous monitoring of events may provide a basis for assessing their emerging support needs (Selmer et al., 2007). It is important that expatriates need to be more tolerant and optimistic in their attitudes towards cultural differences that occur in a cross-cultural environment (Tahir and Ishmail, 2007). It has been observed that both cross-cultural training and the language spoken in the host country affect the accuracy of expatriates’ expectations prior to the assignment - and that having accurate expectations, in turn, positively affects cross-cultural adjustment (Caligiuri et al., 2001).

All expatriate respondents in this study are aware of the fact that international assignments are not permanent relocations and at one point they will have to return to their parent organization back home. In this context, it is important that the expatriates are provided ample notice and opportunity for a phased transition to deal with the reverse culture shock that they may face after being on international assignment for a prolonged period. Issues pertaining to organizational attitude towards extensions / renewal of work Visas, rotation of
employees on international projects (which shorten assignment durations for individuals) and abrupt departures and transitions and opportunities of growth post repatriation are issues of concern for many expatriates.

Adjusting to repatriation is often more difficult than adjusting to life overseas as the repatriate may have great aspirations on the career front as a result of acquiring global exposure, skills and experience. Another issue in this context is how the assignment came to an end. Often, Visas are not renewed timely due to which expatriates are forced to leave abruptly. Again, strategic policy changes in the client organizations may have an impact on tenure and the nature of the expatriate assignment. Compounded to this is the fact that on repatriation, they have lost most of the generous financial benefits of the expatriate assignment, and because there are often no plans for repositioning them within their organization, they are made to feel as if their assignment was of little or no value to management. Repatriates might be expected to resume their earlier roles because management does not know how to use their newly acquired expertise. Expatriate assignments, which many believe will increase career mobility, can actually slow down promotions (Webb, 1996). Organizations need to pay attention to perceived repatriation concerns so as to ensure that the individual does not perceive repatriation to be a detriment to career development. Lee and Liu (2007) in their study on repatriation adjustment and intention to leave the organization among Taiwanese expatriates found that expatriates who perceived a higher level of repatriation adjustment had a lower intent to leave the organization post repatriation. Organizations need to be proactive about re-absorption of returnees and subsequent advancement so as to create positive perceptions in the minds of those working on international assignments. Research suggests that during repatriation, focus on career management is an important intervention to support personal and work adjustment. Repatriation initiatives should encourage and train employees to practice proactive career planning behaviours by taking inventory of the skills developed during their international assignment and setting goals based on how they want to utilise these competencies in their home country environment (Mac Donald and Arthur, 2005). Hyder and Lovblad (2007) claim that repatriation experience is dependent on two main factors: how the reality of the repatriation process meets the expectations of the repatriate and the impact of demographic factors and cultural identity changes.
Human resource professionals should conduct exit interviews with expatriates and their families on their return home. There is an abundance of practical knowledge and applications to be learned during an expatriate assignment that can be useful to future expatriate workers. Some issues on re-entry include xenophobic attitudes of colleagues and managers at home, underutilization of global managers and unplanned transition and career paths. Organizations should reflect on how they might help expatriates manage the re-entry transition and make a returnee’s transition as easy as possible for the repatriate and as beneficial as possible for the company (Adler and Gunderson, 2008).

*Satisfaction with PMS (SPM) does indicate whether an IT professional is satisfied with his Job (Job Satisfaction). This holds true for both parent company employees in India as well as expatriates (β = 0.780, p < 0.05 and β = 0.825, p < 0.05 respectively).*

**Hypothesis 10:** ‘Satisfaction with PMS can predict job satisfaction of Indian IT professionals’ is accepted.

Previous research suggests that job satisfaction of a knowledge worker may depend on factors such as, professionalism and autonomy (Ling-Hsui Chen, 2008), autonomy (Sekaran, 1989), job involvement (Mortimer & Lorence, 1989), high performance work systems (Berg, 1999) and opportunity for meaningful input into the decision-making process (Hodson, 1996; Amar, 2004). It was found that service conditions (Bajpai & Srivastava, 2004), job security (Noer, 1993), perception of fairness in the company's compensation programmes (Babakus et al., 1996) also influence job satisfaction. Amar (2004) stresses on the importance of job design and redesign for motivation of knowledge workers on the job and enhancing job satisfaction by loading desirable elements of work and environmental antecedents as well as job content variables to enhance the satisfaction levels of KWs. These include the employee's ability to exercise some control over what is important for good performance on the job, the opportunity for some travel, the meaningfulness of the work they do, the visibility of job accomplishments, the use of up-to-date technology, the ability to select teammates and broader work assignments. In an attempt to incorporate the last antecedent, organizations are redesigning jobs allowing their holders the opportunity to participate in projects and assignments that are not directly related with their jobs – in effect, achieving what is being termed lateral mobility. In the knowledge work environment, a narrowly defined job is confining and an anti-motivator. Enlarged involvement in various
facets of an organization satisfies employees and allows them the opportunity to proliferate their talents, some of which could be latent in their regular jobs. Lateral mobility is not only motivating but also enriches their skills to do their regular jobs better. The practice, at times, may satisfy their desire for the upward move, which organizations find hard to provide. Narang and Dwivedi (2010) report factors such as organizational support, competitive excellence and fair and transparent management to be significantly correlated with job satisfaction.

Previous research suggests that IT professionals work with innovative and non-standardized tasks, which require autonomy on the part of those involved by virtue of the nature of the task itself. Intrinsic motivation is of vital importance for this profession. External rewards (such as remuneration or bonuses) may reinforce motivation only in the case of uninteresting tasks. KWs in the IT profession are affected by interactive motivation (Alvesson, 2000), which is related to social factors (group norms, reciprocity values and a sense of identity). In some cases, IT professionals also perceive that their organizations do not always support them as they attempt to remain at the forefront of technology (Glen, 2003; Gagne and Deci, 2005; Beecham et al., 2008; Chase, 2008; Sharp et al., 2009; Wallgren and Hanse, 2011; Katarzyna and Jacek, 2012).

PMS is an integrative function that covers goal setting, development and reward. Implementing a system wherein autonomy, empowerment and development of the individual are given importance would in turn lead to a satisfying work experience for the employee. Given the importance IT professionals give their profession and work, it is not surprising that factors such as the nature of work, learning and growth opportunities, career advancement, autonomy, ownership of performance plan and supervisory attitudes would contribute to the level of job satisfaction. In the case of expatriates, international exposure and the possibility of financial as well as career gains would definitely impact the satisfaction level of the incumbent.

Though a significant relationship between attrition and the current level of performance management satisfaction cannot be inferred from this study, it may be concluded that the incidence of attrition in both samples is not significantly different.
Hypothesis 12: ‘There is no statistically significant difference in the incidence of attrition between domestic and expatriate IT professionals on account of PMS dissatisfaction’ is accepted.

Knowledge intensive professions such as IT require investment in its intellectual assets for long-term success. A skilled workforce forms the competitive core of an IT organization. It is imperative therefore to preserve this asset which is inherently personal to the individual who possesses it i.e. the employee. Retention of its best employees is a challenge faced by most IT organizations nowadays. When asked whether they had ever left an organization because of dissatisfaction with PMS 125 (90 and 35) of the total 308 (206 and 102) respondents answered in the affirmative. The IT industry in India is evolving and growing at a fast pace generating opportunities for employment both within India and abroad.

Retention post repatriation is also an issue that organizations need to deal with. The reverse culture shock felt by employees often leads to dissatisfaction and voluntary turnover especially if the employee feels that his recently acquired experience is not being treated as a stepping stone within his organization. The added international exposure often opens new avenues to employees looking for new opportunities. Bonache (2005) comparing job satisfaction among expatriates, repatriates and domestic employees found that although expatriates tend to be more satisfied with a number of the work-aspects analysed, their level of general job satisfaction was not significantly different from that of the other two groups. The opportunity for expatriate assignments is often viewed as an added attraction and motivating factor in the IT profession. Many organizations use expatriate assignments as incentives for retaining good candidates. Filling onsite positions is a difficult task because of the multiple hurdle processes of interviews from the client, immigration authorities and so on. It might seem that such assignments may ensure that the professional would not leave the organization given the financial and career benefits which are a feature of lucrative assignments. However expatriation does not seem to enough to retain IT professionals as dissatisfaction with PMS related and expatriate assignment related issues might lead to attrition as well. Work visas in a country like the USA such as H1 category visas are easily transferable between employers. Recently, many expatriates choose to opt for H1 category visas (even if they have to pay out of the pocket) while holding L1 category visas from their parent company as having an H1 enable the individual to stay in the USA and look for alternative employment/newer opportunities if he chooses to quit the organization instead.
of being repatriated. Organizations need to design work, rewards and career progression keeping in mind these realities so as to contain attrition within reasonable limit if not stop it completely. Expatriation alone may not prove to limit attrition as is reflected in the results of this study.

The verdict(s) on the hypotheses tested in this study are summarised in Table 5.1

### Table 5.1
Summary of Tested Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Domestic Survey</th>
<th>Expatriate Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Aspects of ‘Backdrop for PMS’ in the parent organization contribute to SPM of Indian IT professionals.</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>2 There exists a positive linear relationship between performance planning practices and SPM in the IT sector.</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>3 Perceptions of supervisory effectiveness have a positive linear relationship with SPM.</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>4 Perceptions of fairness have a positive linear relationship with SPM.</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>5 Effective PMS leads to Team cohesion in the Indian IT sector.</td>
<td>Rejected</td>
<td>Rejected</td>
</tr>
<tr>
<td>6 Effective PMS has a positive linear relationship with feelings of organizational commitment among Indian IT professionals.</td>
<td>Rejected</td>
<td>Rejected</td>
</tr>
<tr>
<td>7 Effective PMs contributes to employee motivation among IT professionals.</td>
<td>Rejected</td>
<td>Rejected</td>
</tr>
<tr>
<td>8 There is a positive linear relationship between perceived developmental uses of PMS and SPM.</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>9 There is a positive linear relationship between perceived evaluative uses of PMS and SPM.</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>10 Satisfaction with PMS can predict job satisfaction of Indian IT professionals.</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>11 Expatriation management practices have a linear positive relation with SPM for expatriates in the IT profession.</td>
<td>n/a</td>
<td>Accepted</td>
</tr>
<tr>
<td>12 There is no statistically significant difference in the incidence of attrition between domestic and expatriate IT professionals on account of PMS dissatisfaction.</td>
<td>Accepted</td>
<td></td>
</tr>
</tbody>
</table>
5.2 Contextual Variables for Effective PMS for Domestic and Expatriate IT Professionals: A Comparison

Satisfaction with appraisals has been defined as how content employees are with the level of involvement they have in the performance appraisal process, quality of feedback given to them and the linkage to reward allocations (Cascio, 1989). Researchers have attempted to identify characteristics of appraisal systems and process that impact employee satisfaction with the system and process. In the course of this research study, IT professionals working in Indian firms (in India) and on expatriate assignments (in the USA) have been asked to provide their perspectives on the different phases of the performance management cycle that impact how they feel about PMS in their organization(s). The purpose of this research was to identify those factors which impact satisfaction and feelings of effective implementation among IT knowledge workers.

On the basis of the hypotheses tested and statistical findings discussed in the previous chapter(s) the factors impacting PMS satisfaction have been broadly categorised into proximal and distal contextual variables based on Levy and William’s (2005) distinction of distal variables as macro-level factors that influence the performance evaluation system and proximal variables as performance evaluation features that influence the nature, content and conduct of the PMS.


These factors are ‘proximal’ on account of being a direct part of the PMS (or phases thereof). It might be noted that ‘Supervisors Attitude towards Involvement and Preparation for Job Performance’, ‘Objective Feedback, Transparency and Action Planning with Supervisor’ and ‘Development via Supervisor/Incumbent Collaboration’ are common factors for both groups.
of employees. The factor ‘Suitability of Assignment’ has been considered ‘proximal’ in nature on account of the fact that the job profile and thereby responsibilities are somewhat defined in selection criteria for the assignment and thus may be considered related to part of the goal setting/performance planning process. As past experience and skills are evaluated as part of the selection criteria, this factor is considered ‘proximal’ in nature. Figure 5.1 summarises the proximal factors identified in this study.

Figure 5.1
Proximal Contextual Factors (Domestic & Expatriate) Impacting SPM

![Diagram showing proximal factors]

Figure 5.2 summarises the distal variable identified in this study. The distal variables for domestic employees include ‘Integrative Involvement & Communication’ and ‘Linkage to Organizational Goals (alignment with organizational values and goals)’. For expatriates the distal variables found to impact perceived effectiveness of PMS are: ‘Onsite-offshore Coordination’ and ‘Cultural Adjustment and Socialization’ and ‘Significance of Assignment and Growth Possibilities (including post repatriation)’. The last factor is categorised as distal on account of being largely dependent upon individual perception of the assignment as being significant for the future and repatriation policies and post repatriation planning which are not technically parts of the PMS and cannot be categorised as strictly ‘proximal’ in nature. Any development or career progression within the organization takes place only after the expatriate assignment is over and the individual is repatriated and thus cannot be considered as directly related to the current PMS which takes into consideration the feedback on how the individual is performing in his current assignment at the client location.
The findings of the study provide insight into Levy and Williams (2004) and later Ferris et al.’s (2008) claims that the broader distal factor shape performance evaluations as antecedents to formal appraisal systems and informal appraisal norms and that organizational decisions, actions, and behaviour (e.g., performance evaluation) can be completely understood only in situ, or as played out against the contextual backdrop for the day-to-day interactions occurring in work contexts that frame such behaviour (Ferris et al., 2008). In comparison, these results depict that certain components of PMS cut across boundaries of offshore-onshore work assignees and therefore can be considered important for effective implementation of SPM. But, given the global nature of IT assignments it is seen there are also certain factors which are unique to both groups of individuals which account for the difference in distal variables between both sets of professionals.
5.3 Limitations of the Study

1. The sample size, uneven number of respondents from different organizations and demographic profile of the respondents does not allow for any comparison of perceptions between organizations, genders or age groups.

2. The relationship(s) between job satisfaction and the components of PMS have not been included in this study as such was not within the intended scope of the same.

3. For the expatriation survey, the respondents were chosen from IT professionals placed in client locations only in the USA. Thus the results cannot be generalized for expatriates working in different countries or cultures where both language and national culture might elicit different responses and reactions.

4. The interpretations of the results are limited by the degree to which unexplained variances in the dependent variable exist.

5.4 Contribution and Managerial Implications of the Study

This study enables a comprehensive look into the different phases of PMS and how the different variables of PMS foster feelings of PMS satisfaction among IT knowledge workers. This study contributes in providing insight into what factors for PMS are actually relevant to the IT profession vis-à-vis the plethora of PMS models theoretically available, so that organizations and individuals may design and execute PMS that is, in reality, effective. The results stated in the previous sections depict that certain components of PMS cut across boundaries of offshore-onshore work assignees and therefore can be considered important for effective implementation of SPM. But, given the global nature of IT assignments we cannot ignore that there are also certain areas which are unique to both groups of individuals. It is thus imperative that organizations cater to the unique needs of the profession rather than adapt any theoretical model in totality. PMS needs to be customized according to the nature of work which is largely non-standardized and to an extent intangible. Deliverables need to be defined in conjunction with the employee to incorporate the nuances of the project which might not be easily documented.

The crucial role of the project manager in translating and coding intangibles into workable goals and appraising the same calls for need for pre-appraisal training so as to eliminate subjectivity and bias in the same. Among the uses of appraisals discussed in this study evaluative uses as well as developmental uses of appraisals have been found to be
important to IT professionals (as found in the domestic study) refuting previous studies wherein only developmental uses were found to relevant. PMS provides a semblance of tangibility to intangibles and if efficiently implemented can provide clarity in roles and structure to what may be perceived as ambiguous and complex projects. An interesting point to be noted is that an effective PMS represents an effective way of managing the employment relationship thereby enhancing job satisfaction. However, in terms of project based IT organizations it might be said that enhancing team performance via PMS is an arena that needs to be developed. The normalization technique most commonly used in appraisal ratings is largely an individualistic manifestation of performance management outcome. Team goals, ratings and incentives need to find a way within the PMS format so as to encourage the team based culture which matrix organizations need to harness.

This study enables a comprehensive look at the IT profession by inclusion of the expatriate study. Expatriation is a reality which is largely ignored while designing policies concerned with PMS. This study reveals that not only does the work itself matter to expatriates but non-work ‘distal’ variables play a very important part in how PMS is perceived by employees. In addition to the standard phases of PMS – goal setting, review and reward - organizations need to address career issues such as repatriation and voluntary turnover of expatriates by designing careers and growth opportunities around international assignments.

The need for constant support and communication between expatriates and home country management is more emphatic looking at the obvious perceived disconnect between the organizational backdrop where most of the policies that govern the PMS is designed and how expatriates view the PMS. Even though they are physically absent does not justify such disconnect. The reverse culture shock often felt during the repatriation process can be attributed at least partially to this disconnect over the period of the international assignment. Expatriate input, information and knowledge sharing across borders should be incorporated into the knowledge management practices of the organization. Expatriation as a mode of retention seems to be overrated. The findings of this study confirm that dissatisfaction with PMS will cause voluntary turnover irrespective of whether an individual is offered an international assignment. Organizations would do well to concentrate on factors such as job design or opportunities for professional growth that could actually motivate and retain knowledge workers.
Despite the limitations of this study, this study does give human resource professionals an idea of which focus points should be considered while designing jobs and related HR practices for IT professionals.

5.5 Scope for Further Research
This study is based on primary data collected from a sample of Indian IT professionals working in India and the USA. This survey has been conducted on a sample of domestic professionals who have been in the industry for at least 8 years. Similar research can be extended to other segments of the workforce such as younger recruits or gender specific studies so as to enable HR practitioners an insight into what beyond the appraisal instrument per se or monitoring and feedback processes impacts employees’ perceptions of the effectiveness of performance appraisals. For IT organizations looking to evaluate the effectiveness of their performance appraisal systems, the dimensions of PMS linkages may be used as a reference point because of their proved impact on overall appraisal satisfaction, which would in turn impact an individual’s work effort and hence, productivity. This study can be extended to include expatriates working in countries other than the USA. Given that national culture, immigration rules and other factors relating to expatriate experiences would differ between different countries of assignment, the EE factors identified in this study may not be universally applicable to all expatriates across nations. Research could be extended to expatriate experiences in different international locations and across different sectors. This research study has targeted individuals who are currently on and have been on assignment for a minimum of three years thus limiting the scope of the study to experienced individuals. Thus, similar research could be conducted for those who are new expatriates still in their initial socialization stages. Scope also exists for delving into repatriate experiences and how expatriates are re-absorbed into their original workplace.

This study is limited to the perceptions and perspectives of a total of 308 Indian IT professionals (206 domestic and 102 expatriates). Since the majority of the respondents were male, this research lacked the input to determine whether there would be any difference of opinion between male and female KWs. Research can be extended to address this gap. Differences in perspectives between those in other knowledge-based industries have not been taken into consideration. Future studies could be directed towards examining whether IT professionals’ perspectives are similar or dissimilar to professionals employed in other knowledge-based professions.