

IS JOB PERFORMANCE BETTER ATTRIBUTABLE TO PERFORMANCE MANAGEMENT SYSTEM THROUGH WORK ENGAGEMENT?

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ABSTRACT

Managing performance of employees is a critical task for any organization. In this regard there is more emphasis on performance management and work engagement of the employees in the recent times. Performance management has its own niche in ensuring work engagement, which can in-turn lead to higher job performance. Performance management as a concept and practice has substantive potential to fulfil business demands of an organization by integrating its growth with motivational needs of human resource. The purpose of this paper is to reconnoitre the influence of performance management system (PMS) through work engagement on job performance. A total of 58 valid responses, as part of the pilot test are analysed to establish the theoretical robustness of this study. It is found that PMS is better attributable to job performance only when it has a favourable influence on employees work attitude such as work engagement. Hence, PMS interventions have to first have a beneficial influence on employee attitudes like work engagement even before it exercises a significant positive influence on job performance. The study has implications for HR teams to revisit the PMS periodically to incorporate the evolving themes in an organization, wherein employees and organizations co-evolve.

Keywords: *Performance Management System, Work Engagement, Job Performance, Employee Engagement, Performance Appraisal.*

Introduction:

Organisations across industries, irrespective of their size and structure, face a key challenge of retaining top performing employees. Failure to retain top performers is expected to lead to a very significant training and hiring costs. Therefore, organizations would want to invest in such HRM practices that would motivate employees to continue their membership with them and also motivate them to achieve organizational outcomes (Gellatly, Hunter, Currie, & Irving, 2009; Huselid, 1995; Meyer &

Smith, 2000). In this regard, it is argued that organisations by adopting relevant HRM interventions attempt to achieve their goals through employees. Employees, on the other hand, view these operationalised HRM interventions as “signals” from the employers that suggest that employers care for their wellbeing. Of all the possible HRM interventions that organisations operationalise, performance management is seen to be the most important intervention to improve individual job performance. This is because effectively operationalised performance management offers a strong foundation

for identifying training needs and also acts as a source of motivation for employees to put discretionary efforts to achieve desirable outcomes. The reason being, employees, in presence of an effective performance management system (PMS), will perceive procedural justice with regard to decisions that pertain to their career.

Performance management system, that is characterised as a tool to define, measure, develop, and control employees' performance (Aguinis, 2009; Aquinas, 2013; Armstrong, 2014), has evolved from being predominantly a performance measurement tool to a holistic management system that plays a vital role in the strategic management of the human resources in the organization (Blalock, 1999; Folan & Browne, 2005; Gruman & Saks, 2011; Neely, 1999). In this process the PMS has taken a more complex role without losing its primary objective of measuring job performance of employees. In this connection, majority of the studies (e.g., Baird, Schoch, & Chen, 2012; Clardy, 2013; Hailesilasie, 2009), in the past, have examined the direct effect of HRM interventions, in particular PMS, on perceived job performance. Therefore, the role of PMS as an indispensable antecedent of individual job performance is well established.

However, experts (Bowen & Ostroff, 2004) argue that any HRM intervention operationalised at an organisational level should first affect individual attitudes so that it further leads to beneficial organisational and individual outcomes. Therefore, experts (Guest, 1999) call for inclusion of intervening variables to understand the underlying mechanism that explains the relationship between HRM practices such as PMS and individual outcomes like employee performance. This paper attempts to fill the above mentioned gap.

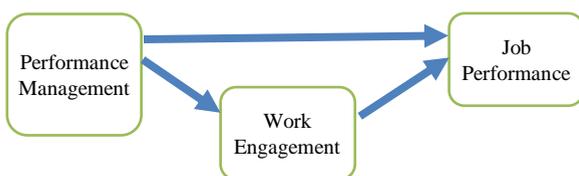


Figure 1: Mediation role of Work Engagement

Statement of the Problem:

The purpose of this paper is manifold. First, this paper attempts to study the influence of PMS on perceived employee job performance through the employee attitude – work engagement. Second, based on the empirical findings, this study offers future directions for research and practitioners.

Literature Review:

Albrecht, Bakker, Gruman, Macey, and Saks, (2015) are of the opinion that performance management processes can have a high and positive influence on

work engagement. Further, in the paper Performance Management at the wheel: Driving Employee Engagement in organization, Mone, Eisinger, Guggenheim, Price, & Stine, (2011) based on a study have noted that performance management is useful to increase work engagement. For the future studies, they have also suggested verifying the theoretical robustness using structural equation modelling, to ascertain the relationships for managers and help them focus their efforts proportionately on activities and behaviours of performance management which is the foremost intervention for leading to work engagement. But, the study (Baird et al., 2012) with a sample size of 450 respondents of the Australian local council revealed that the PMS was only abstemiously effective when compared to performance related outcomes, and less effective when compared to the achievement of employee linked outcomes. In spite of this, it is interesting to note that in a government-wide survey of federal employees in the United States of America (Marrelli, 2011). All the 37 positive performance management practices reviewed was used widely in the organisations with the highest percentages of engaged employees. Likewise, the study concludes by affirming that engaged employees establish the strong link between performance management and employee work engagement. A scoping review of the literature (Noronha, Aquinas, & Manezes, 2016) showed that low level of employee involvement may lead to the failure of the PMS in its implementation. While studying the attitude of employees towards performance management process (Aquinas, D'Souza, & Manezes, 2012) have noted that personal development and engagement have been more positively evaluated compared to appraisal and rewards. Furthermore Ramaprasad, Prabhu, Lakshminarayanan, & Pai, (2017) have understood from the literature the effectiveness of human resource management practices and systems in causing commitment of employee towards their organisation. Gruman & Saks, (2011) have been of the opinion that work engagement is probable to have a through result on enhanced employee job performance. Furthermore, a strong significant relationship between employee engagement and employee performance has also been statistically established in a study with 383 respondents (Anitha, 2014). The study (Hanaysha, 2016) conducted on administrative and academic personnel employed at the public universities in Malaysia specified that work engagement had a substantial affirmative influence on the individual worker productivity. Additionally, they also provided proof that all of the dimensions of work engagement as namely vigour, dedication, and absorption have substantial positive result on individual worker productivity. Likewise, Hanaysha, (2016) has provided empirical confirmation that work engagement has a significant positive effect on

productivity of the individual employee in the higher education sector. Gupta and Kumar, (2013) have also reported the association amongst performance appraisal justice and work engagement. Their study established a substantial affirmative association between some dimensions of performance appraisal justice and employee work engagement.

The strongest literature support comes from an empirical paper that job performance can be best achieved by angling the PMS to increase employee work engagement (Gruman & Saks, 2011). Thus giving a strong theoretical base for this paper.

Structure of the paper:

The paper is structured as follows – the ensuing section elaborates in detail on methods and procedures adopted for this study. This is followed with the section on results. The section that follows discusses and offers research and practical implications. Further, the paper summarises the research with a brief conclusion.

What we explore here is the role of work engagement as a mediator between job performance and PMS. We construe that engaged workers will stay in the organisation and their work engagement can be manifested through higher job performance as a reciprocation towards the employee friendly PMS in any company.

Methods and Procedures:

Sampling and respondent profiles:

This cross-sectional study adopted a probabilistic sampling technique for its survey on 58 respondents employed in medium and large scale organisations in the Southern and Northern districts of Karnataka, India. The list of functional medium and large scale organisations was obtained from MSME - Development Institute(2012)database. In all, 125 potential respondents were approached randomly, of which 58 respondents participated voluntarily in the pilot survey. Of these, 44 (76 percent) respondents were male and 14 (24 percent) respondents were female front-line employees. Further, of the total respondents, 35 (60 percent) were employed in IT firms, whereas 23 (40 percent) respondents were employed in manufacturing firms. Further, 39 (67 percent) respondents' belonged to large-scale organizations, whereas 19 (33 percent) respondents represented medium-scale organizations. Furthermore, the average age of respondents was (30.31 ± 6.154 years) and the average tenure of respondent's membership with the organization was (61 ± 36.073 months).

Data collection and instruments:

For this study, the authors utilized a structured questionnaire comprising of four distinct sections. The first section sought to capture the demographic details of the respondent. The second section included items

that attempted to capture respondent perceptions on PMS. The third section included items on work engagement and the fourth section included items on job performance.

For PMS, the authors utilized performance management analysis scale (de Waal & Heijden, 2015)with 44 items for this study. This scale captures the perception on structural, behavioural and alignment related dimensions of PMS. In particular, structural dimension includes 19 items that capture the constructs of responsibility, content, integrity, and manageability of performance information. Behavioural dimension includes 20 items that capture the respondent's perception on the constructs of accountability, management style, action-orientation, and communication about performance. The dimension of alignment includes five items. The Chronbach's alpha (α) value for the construct was established at 0.83.

Further, the authors opted for UWES Utrecht Work Engagement scale (Schaufeli & Bakker, 2003)to measure the perceptions of respondents on work engagement. This scale included 17 items that captured the responses on vigour, dedication, and absorption constructs of work engagement. The Chronbach's alpha (α) value for the construct was established at 0.91.

Furthermore, the authors used job performance scale originally developed by O'Reilly & Chatman, (1986)and used byLakshminarayanan et al., (2016) to measure the perceptions of respondents on job performance. This scale included five items and the Chronbach's alpha (α) was found to be 0.89.

The overall scale reliability was found to be 0.90. Both construct and scale reliabilities were found to be well above the threshold limit of 0.70 (Nunnally, 1967)suggesting adequate reliability of the measurement instrument.

Findings:

Mediation Analysis:

For this study, the authors used Baron and Kenny (1986) mediation model to examine the intervening effect of the construct of work engagement on the relationship between structural, behavioural, and alignment dimensions of PMS and perceived job performance. Table 1evinces the details on the regression model with the control variable, with the control variable and independent variables (IVs), and with the control variable, IVs, and the mediator work engagement. This study controlled for the size/ scale of the organization.

Table 1: Regression Model

Variables	Model 1		Model 2 (without mediator)		Model 3 (with mediator)	
	β	<i>p</i>	β	<i>p</i>	β	<i>p</i>
Control variable – scale	0.021	0.873	0.225	0.174	.097	.372
PM- Structural dimension			0.282	0.016**	.164	.352 ^{ns}
PM- Behavioral dimension			0.199	0.028**	.094	.658 ^{ns}
PM- Alignment dimension			0.181	0.037**	.056	.774 ^{ns}
Work engagement					.602	.000*
R ²	0.000		0.274		.471	
Adjusted R ²	0.017		0.234		.431	
F	0.026		6.795		11.790	
<i>p</i>	0.873		0.000		0.000	

* Significant at $p < 0.001$

** Significant at $p < 0.05$

In the first model, the control variable was entered and regressed against the dependent variable (DV) job performance. Further, the second model introduced the control variable and IVs (i.e. PM- Structural dimension, PM- Behavioural dimension, and PM- alignment dimension) and regressed the same against job performance. This model offers insights into the direct effects of IVs on the DV. From the Table 1, it is evident that regression model was found to be statistically significant with $F(3, 54) = 6.795$ at $p < 0.001$. Further, the model accounted for 23.4 percent variance (i.e. direct effect) on the DV. Further examination of results exhibited in model 2 suggests that PM- Structural dimension ($\beta = 0.282$ at $p = 0.016$) was found to exercise maximum influence on job performance. This was followed by PM- Behavioural dimension ($\beta = 0.199$ at $p = 0.028$) and PM- Alignment dimension ($\beta = 0.181$ at $p = 0.037$). All the three IVs exhibited positive and significant regression coefficient values, thereby, offering empirical evidence to support hypotheses that

posited a positive significant relationship between PMS and job performance.

Furthermore, with the inclusion of work engagement as a mediator, the regression model was found to be statistically significant with $F(4, 53) = 11.790$ at $p < 0.001$. In-fact, with the inclusion of work engagement as a mediator, the predictability of the model improved to 43.1 percent as against 23.4 percent (i.e. from the model without the mediator). This provided an empirical evidence of 19.7 percent increase in the predictability of the model with the inclusion of work engagement as a mediator. Further examination of model 3 indicates that though the overall model is found to be significant, there is a noticeable decrease in the regression coefficients of the IVs as compared to model 2. Also, all the IVs are found to be insignificant in the presence of work engagement as the mediator, implying that the relationship between PMS and job performance is indirect and fully mediated (Baron & Kenny, 1986) work engagement.

Conclusion:

PMS interventions have to first have a beneficial influence on employee attitudes like work engagement even before it exercises a significant positive influence on job performance. PMS and job performance is indirect and fully mediated by work engagement. The study conducted with 58 valid responses and hence the results may not be generalised to the entire population. However, this study has given a basis for future research to understand the mediating role of work engagement in performance management and job performance.

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