

Summer 2012

Performance Management and Performance: The Mediating Role of Engagement

Mina Luong
San Jose State University

Follow this and additional works at: https://scholarworks.sjsu.edu/etd_theses

Recommended Citation

Luong, Mina, "Performance Management and Performance: The Mediating Role of Engagement" (2012). *Master's Theses*. 4199.
DOI: <https://doi.org/10.31979/etd.4qdz-xp3w>
https://scholarworks.sjsu.edu/etd_theses/4199

This Thesis is brought to you for free and open access by the Master's Theses and Graduate Research at SJSU ScholarWorks. It has been accepted for inclusion in Master's Theses by an authorized administrator of SJSU ScholarWorks. For more information, please contact scholarworks@sjsu.edu.

PERFORMANCE MANAGEMENT AND PERFORMANCE: THE MEDIATING
ROLE OF ENGAGEMENT

A Thesis

Presented to

The Faculty of the Department of Psychology

San José State University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

by

Mina Luong

August 2012

© 2012

Mina Luong

ALL RIGHTS RESERVED

The Designated Thesis Committee Approves the Thesis Titled

PERFORMANCE MANAGEMENT AND PERFORMANCE: THE MEDIATING
ROLE OF ENGAGEMENT

by

Mina Luong

APPROVED FOR THE DEPARTMENT OF PSYCHOLOGY

SAN JOSÉ STATE UNIVERSITY

August 2012

Dr. Megumi Hosoda Department of Psychology

Dr. Howard Tokunaga Department of Psychology

Dr. B. Lynn Ware Integral Talent Systems, Inc.

ABSTRACT

PERFORMANCE MANAGEMENT AND PERFORMANCE: THE MEDIATING ROLE OF ENGAGEMENT

by Mina Luong

Organizations have been using performance management (PM) systems to improve performance and productivity. However, given the ineffectiveness of the PM systems currently in use, it has been suggested that PM systems be redesigned to make employee engagement a key determinant of performance. By adapting Gruman and Saks' (2011) engagement management model, this study examined the relationships among the factors that drive engagement, engagement, and performance. Specifically, engagement was examined as a hypothesized mediator of the relationship between the drivers of engagement (goal setting, job resources, and recognition, feedback, and fairness) and performance among employees in the healthcare industry. Results showed that goal setting, job resources, and recognition, feedback, and fairness were all positively correlated with engagement and performance, but engagement did not mediate the relationship between the predictors and performance. Results of the present study partially support Gruman and Saks' model. Given that the drivers of engagement were directly related to performance, Gruman and Saks' model could be improved by adding a direct path from the drivers of engagement to performance.

ACKNOWLEDGEMENTS

This thesis is the result of the efforts of many individuals. First, I want to thank Dr. Megumi Hosoda for her tremendous involvement in this process. She was very detail-oriented and always provided me with excellent recommendations and guidance. Thank you for your dedication, patience, encouragements, and believing in me! Second, I want to thank Dr. Howard Tokunaga for his assistance in making sure that my thesis reads smoothly, formats are correct, and providing me with helpful resources and recommendations. Thank you for your encouragements, humor, and making me laugh! I also want to thank Dr. Lynn Ware for allowing me to use her data, providing me with great feedback, validating the content of my thesis, and for being such a great boss! Extended gratitude goes to my undergraduate professor, Dr. Thomas Sy, for sparking my interest in this field and providing me with opportunities to prepare for graduate school!

I also want to thank my I/O girls for their help, support, and friendship! I am extremely happy and grateful to have met you all! Thanks for the study and thesis sessions which turned into cooking lunch together, girl talks, and adventures in finding a nice coffee shop to work on thesis (haha). Thanks for making graduate school enjoyable and fun!

Last, but certainly NOT the least, HUGE thank you to my Mom, Dad, and Brother for their unconditional love and support throughout all these years!! Thank you for your encouragements and helping me get to where I am today! I love you!!!

I COULD NOT HAVE DONE THIS OR BE WHERE I AM TODAY WITHOUT YOU

ALL!!! THANK YOU ALL SOOO MUCH!!!

TABLE OF CONTENTS

LIST OF FIGURES	viii
LIST OF TABLES	ix
INTRODUCTION	1
Defining Performance Management	3
Defining Employee Engagement	6
Engagement Management Model.....	8
Performance agreement	10
Engagement facilitation.....	12
Performance and engagement appraisal and feedback	14
Engagement and performance	16
Purpose of the Current Study	20
METHOD	22
Participants	22
Procedure.....	23
Measures.....	24
Goal setting.....	24
Job resources.....	24
Recognition, feedback, and fairness	25
Employee engagement.....	25
Performance.....	25
RESULTS	26

Descriptive Statistics	26
Intercorrelations Among the Measured Variables	27
Tests of Hypotheses	28
DISCUSSION	36
Strengths, Limitations, and Future Research	40
Theoretical and Practical Implications of the Study	42
Conclusion.....	43
REFERENCES	44
APPENDIX.....	49
Survey Questions.....	49

LIST OF FIGURES

Figure 1. Gruman and Saks' (2011) Engagement Management Model	9
Figure 2. Baron and Kenny's (1986) Mediation Model	30
Figure 3. Mediation model for the first mediation analysis.....	33
Figure 4. Mediation model for the second mediation analysis	33
Figure 5. Mediation model for the third mediation analysis.....	34

LIST OF TABLES

Table 1. Demographic Characteristics of Participants.....	23
Table 2. Means and Standard Deviations of the Measured Variables	26
Table 3. Pearson Correlations of the Measured Variables.....	28
Table 4. Tests of Employee Engagement as a Mediator of the Relationship Between Each Drivers of Engagement and Performance	32

Introduction

Given challenging economic conditions (such as global competition, slow economic growth, and economic downturns), organizations are starting to look internally for performance and productivity gains rather than wait for external improvements (e.g., market growth or technological advances) (Boxall & Purcell, 2003; Buchner, 2007). Organizations have been focusing their attention on performance management (PM) as a way to improve organizational performance and productivity (Boxall & Purcell, 2003; Buchner, 2007). Performance management is defined as a systematic process aimed at enhancing human performance within the organization (Warren, 1982).

However, according to Watson Wyatt Worldwide (2004), very few employees believe that their company's PM systems help them improve their performance. This is because employees do not think that the systems establish clear performance goals, define realistic and fair performance standards, or generate honest feedback. Pulakos and O'Leary (2011) argued that PM systems are ineffective because they focus more on administrative processes (i.e., documentation) than on training managers and employees how to engage in effective performance management behaviors (e.g., communicating clear goals and expectations). For example, although managers often provide informal feedback to their subordinates, they are reluctant to document subordinates' low performance because they fear damaging their relationship with them. Similarly, even though employees want guidance from their managers, they do not want it to be documented for fear that it may adversely affect their pay raises or advancements.

Because research revealed PM systems to be ineffective, organizations are shifting their focus toward employee engagement because engagement has received research attention as a key determinant of performance (Macey, Schneider, Barbera, & Young, 2009). In fact, employee engagement has been a popular topic in organizations because it has been shown to bring benefits and competitive advantages to organizations (e.g., Bates, 2004; Baumruk, 2004; Harter, Schmidt, & Hayes, 2002). For example, in a meta-analysis, Harter, Schmidt, Killham, and Agrawal (2009) reported that organizations with higher levels of engaged work groups were more productive, more profitable, less prone to accidents, and fewer absenteeism than organizations with lower levels of engaged work groups. In fact, these organizations had 3.9 times the earnings per share growth rate compared to organizations with lower levels of engaged work groups.

Mone and London (2010) assert that if PM systems are designed to promote employee engagement, it may lead to higher levels of performance. Similarly, Gruman and Saks (2011) argued that it is important to promote employee engagement as a driver to increase performance in order to enhance PM systems. Consequently, Gruman and Saks developed an engagement management model containing three components, *performance agreement*, *engagement facilitation*, and *performance and engagement appraisal and feedback* that contribute to employee engagement which in turn leads to improved performance. However, as this model has not been tested empirically, there is a lack of conceptual and empirical work on how PM systems can enhance performance by fostering employee engagement (Gruman & Saks, 2011).

Because PM systems have been found to be ineffective and researchers suggest that PM systems should foster employee engagement (Macey et al., 2009; Pulakos & O’Leary, 2011), the current study examined the potential mediating role of engagement on the relationship between the drivers of engagement and performance. Additionally, most studies have focused on the effects of employee engagement on performance at the organizational level (e.g., Bates, 2004; Baumruk, 2004; Harter et al., 2002); however, there is a lack of evidence on how engagement may lead to individual performance. Therefore, this study was designed to examine the relationship among the drivers of engagement, engagement, and individual performance.

In the following sections, we begin by defining the concepts of performance management, including problems associated with PM systems, and employee engagement, followed by an explanation of the engagement management model, and a literature review on the relationship between engagement and performance. Lastly, the purpose of the current study as well as the hypotheses to be tested will be presented.

Defining Performance Management

The term performance management is traditionally defined as management’s systematic application of processes aimed at optimizing human performance in an organization (Warren, 1982). However, a more recent definition of performance management includes a “systematic process for improving organizational performance by developing the performance of individuals and teams” (Armstrong, 2006, p. 1). The current study adopts the definition of performance management by Armstrong because

Warren's (1982) definition has been viewed in a negative connotation by performers (i.e., performers viewed it as something done to them) (Buchner, 2007).

Although the ultimate goal of performance management is to enhance the performance of businesses, PM systems have often been ineffective because they are seen as an administrative burden between managers and employees (Pulakos & O'Leary, 2011). Additionally, a survey of 1,190 workers conducted by Watson Wyatt Worldwide (2004) showed that only 30% of workers felt that their companies' PM system helped them improve performance, and less than 40% said that the system established clear goals, generated honest feedback, or used technology to streamline the process.

Indeed, there exist several major problems with PM systems. For example, they hinder business results due to administrative burdens, managers and employees are reluctant to communicate candidly during performance reviews and discussions, and subjective feedback as well as feedback that is not provided in a timely manner prevent accurate performance assessment (Pulakos, Mueller-Hanson & O'Leary, 2008). Results from the Watson Wyatt Worldwide (2004) study suggest that PM systems should recognize high performers and confront poor performers as soon as possible, eliminate paper forms, and utilize a user-friendly automation. Researchers from Watson Wyatt Worldwide also assert that if PM systems are designed and implemented properly, they can lead to positive impact on individual performance as well as better financial results for the organization (i.e., improvement in shareholder value).

Aside from the practical standpoint, several questions from a theoretical standpoint have been raised by human resource development (HRD) professionals, who

question the impact of PM systems on organizations (Buchner, 2007). Specifically, HRD professionals have questioned whether applied performance management currently in use is supported by theory and research (Buchner, 2007). In particular, Buchner (2007) argues that goal setting theory is relevant to PM systems because goals are essential to most PM systems. According to the theory, goals affect performance through four mechanisms (i.e., goal difficulty and specificity, direction and attention, effort and persistence, and strategy development) (Locke & Latham, 2002). Difficult and specific goals lead to higher performance compared to when goals are given vaguely. Therefore, employees need to know and understand the goals applied to their work in order to perform better (Buchner, 2007). However, PM systems are questioned because it is unclear whether goals set for employees are attainable (Buchner, 2007).

Another theory that pertains to PM systems is control theory. Control theory is described as an ongoing comparative process aimed at reducing the discrepancy between standards for behavior and the observed effects of actual behavior (Carver & Scheier, 1981, 1998). According to this theory, behavior is shaped through feedback, and this theory provides a foundation for assessing feedback elements of PM systems (Buchner, 2007). However, feedback in the workplace is generally insufficient (Fletcher, 2001), and employees often have to wait for performance feedback from supervisors during the traditional year-end formal appraisal, which by then is too late to provide proper feedback (Buchner, 2007).

Therefore, Buchner (2007) asserts that there are gaps between theory and PM systems that are typically described and used in practice. This suggests that PM systems

should be redesigned to incorporate the concerns mentioned earlier (i.e., goal specificity or difficulty, proper or timely feedback) to be more effective. Because researchers argue that PM systems are ineffective, Gruman and Saks (2011) assert that PM systems should be redesigned to facilitate employee engagement, which then leads to higher levels of performance. However, before going into details about incorporating engagement into PM systems, it is essential to first understand what employee engagement is.

Defining Employee Engagement

Employee engagement is a popular term both in industry as well as in academia (Schaufeli & Bakker, 2010). In academia, Kahn (1990) conceptualized engagement as “the harnessing of organization members’ selves to their work roles: in engagement, people employ and express themselves physically, cognitively, emotionally and mentally during role performance” (p. 694). However, more recently, employee engagement is defined as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption” (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002, p. 74). These three components are characterized by the following:

Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one’s work, and persistence even in the face of difficulties. *Dedication* refers to being strongly involved in one’s work, and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. *Absorption* is characterized by being fully concentrated and happily engrossed in one’s work, whereby time passes quickly and one

has difficulties with detaching oneself from work (Schaufeli & Bakker, 2010, p. 13).

In industry, there are a number of definitions of engagement. For example, according to *Development Dimensions International*, “Engagement has three dimensions; (1) cognitive – belief in and support for the goals and values of the organization, (2) affective – sense of belonging, pride and attachment to the organization, (3) behavioral – willingness to go the extra mile, intention to stay with the organization” (www.ddiworld.com). According to *Towers Perrin*, employee engagement is considered an affective state that reflects employee’s “personal satisfaction and a sense of inspiration and affirmation they get from work and being a part of the organization” (www.towersperrin.com).

Although there are numerous definitions of engagement, overall, it is defined in terms of organizational commitment, particularly affective commitment (i.e., the emotional attachment to the organization), continuance commitment (i.e., the desire to stay with the organization), and extra-role behavior (i.e., discretionary behavior that promotes the effective functioning of the organization) (Schaufeli & Bakker, 2010). In the current study, engagement is used to describe the extent to which employees are involved with, committed to, enthusiastic, and passionate about their work (Macey & Schneider, 2008). However, the vigor component of engagement is included in this study because Bakker and Xanthopoulou (2009) argue that vigor is the most influential component of engagement compared to absorption and dedication, and that it is also

strongly associated with engagement outcomes. In fact, the vigor component has been reported as most crucial for job performance (Demerouti & Cropanzano, 2010).

Engagement Management Model

As mentioned previously, Gruman and Saks (2011) assert that PM systems should incorporate employee engagement as research has shown PM systems to be ineffective. Although there are several PM models (see Armstrong, 2006; Cardy, 2004; Pulakos, 2009 for more detail), they mainly focus on a predictable set of variables such as establishing performance goals for employees, assessing performance, and providing feedback to improve performance. Specifically, PM systems generally consist of a sequence of stages or activities such as performance agreement (goal setting), performance monitoring or facilitation, and performance appraisal and feedback (Gruman & Saks, 2011). However, traditional PM systems do not include employee engagement.

Based on existing models, Gruman and Saks (2011) have developed an *engagement management model* which is presented in Figure 1. This model is different from other PM models because the primary focus of the model is on fostering engagement. In other words, this model was developed in order to provide an effective application of PM systems that mainly focus on employee engagement in order to produce higher levels of performance.

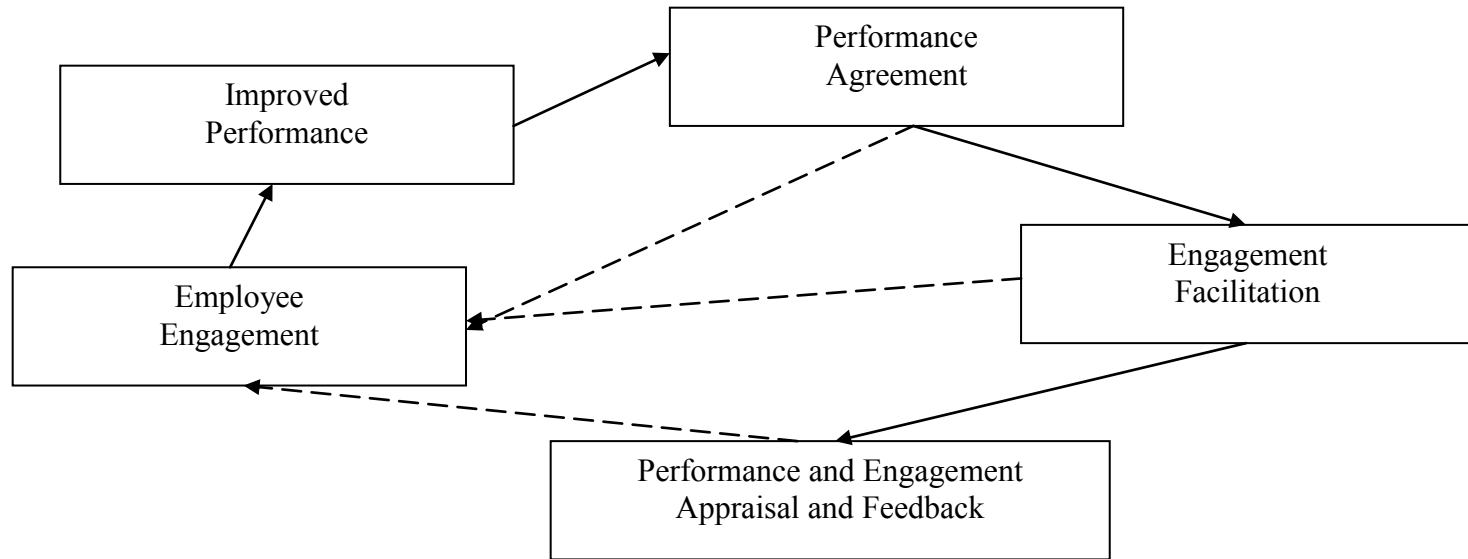


Figure 1. Gruman and Saks' (2011) Engagement Management Model. Note: Arrows around the circumference of the model represent the engagement management process. Dotted lines represent the drivers of employee engagement.

The model begins with *performance agreement*, which outlines the goals and objectives that employees will be expected to accomplish. In addition to goal setting, this component includes a review and an agreement of a psychological contract. The second component is *engagement facilitation*, which focuses on providing resources that facilitate the development of engagement. These resources include job design, leadership, coaching, supervisor support, and training. The third component is *performance and engagement appraisal and feedback*, which focuses on perceptions of justice and trust as drivers of engagement. In summary, these three components contribute to higher levels of engagement, which is then associated with enhanced performance.

As shown in Figure 1, the arrows around the circumference of the model represent the engagement management process, and the dotted lines represent the drivers of employee engagement. Although the model depicts a sequence of steps, it is important to note that the process is ongoing and continuous (i.e., “performance agreement and engagement facilitation feed into employee engagement, [but] engagement facilitation activities might change throughout the process depending on employees’ needs and based on appraisal and feedback”) (Gruman & Saks, 2011, p. 128).

Performance agreement. This first component involves setting goals that outline what employees are expected to accomplish, and a review and an agreement of a psychological contract. Goals are crucial for initiating engagement because they stimulate energy, focus, and intensity (Gruman & Saks, 2011). In support of this argument, Medlin and Green (2009) examined the relationships among goal setting, employee engagement, workplace optimism, and individual performance. They

hypothesized that goal setting would impact employee engagement positively, and engagement would positively impact workplace optimism, which in turn would have a positive relationship with individual performance. Four hundred twenty six full- and part-time employees completed a survey related to goal setting, employee engagement, workplace optimism, and individual performance. As hypothesized, results showed that goal setting drove employee engagement, which led to optimism and, in turn, influenced performance. Hence, goal setting indirectly influenced performance through engagement and optimism. Medlin and Green suggest that in order to enhance engagement and optimism to improve performance, organizations should implement a goal setting process because it informs employees of their specific responsibilities.

In addition to implementing a goal setting process within the organization, Macey et al. (2009) state that there should be an alignment between individual goals and organizational goals in order for engagement to occur. This is because this alignment ensures that employees engage themselves in tasks that are important to achieve organizational goals. In fact, Armstrong (2006) suggests that employees should be allowed to have a say in setting goals in order to increase the likelihood of producing engagement.

Because studies have shown that goal setting indirectly influence performance through engagement, the current study will only focus on the goal's aspect of this component. This is because goals are essential in terms of the engagement process as it “stimulate[s] energy, focus, and intensity or the feeling of engagement” (Gruman & Saks,

2011, p.128). In fact, without a specific purpose or objective, engagement does not occur (Macey et al., 2009). This leads to the following hypothesis:

Hypothesis 1. Goal setting will be positively related to engagement.

Engagement facilitation. This second component of the engagement model focuses on identifying and providing resources to employees in order for them to become engaged. This component involves job design, coaching, social support, leadership, and training (Gruman & Saks, 2011). The main focus of this component is to identify and provide resources in order to drive employee engagement, so the job-demand resources model (JD-R model) (Schaufeli & Bakker, 2004) will be used to provide a framework of how engagement is enhance.

According to the JD-R model, work environment can be divided into two dimensions: demands and resources. Job demands refer to features of a job that require physical and/or psychological effort from an employee and have the potential to impair his or her health and consequently reduce his or her job performance. Common job demands are work overload, job insecurity, role ambiguity, and role conflict (Schaufeli & Bakker, 2004). Job resources are features of a job that are functional to achieve work goals, reduce job demands, and stimulate growth, learning, and development (Schaufeli & Bakker, 2004). Common job resources can come from the organization (e.g., pay, career opportunities, job security), interpersonal and social relations (e.g., supervisor and co-worker support), the organization of work (e.g., role clarity, participation in decision making), and/or from the task itself (e.g., skill variety, task identity, task significance, autonomy, performance feedback) (Bakker & Demerouti, 2007).

Much research (e.g., Doi, 2005; Halbesleben & Buckley, 2004) has shown that job demands may lead to problems such as exhaustion or health impairments, whereas job resources may foster a motivational process leading to job-related learning, work engagement, and organizational commitment (e.g., Salanova, Agut, & Peiro, 2005). For example, Bakker, Hakanen, Demerouti, and Xanthopoulou (2007) found that job resources influenced work engagement. Data were collected from 805 Finnish teachers working in elementary, secondary, and vocational schools who completed a questionnaire regarding work engagement and student misbehavior. This study showed that job resources such as supervisor support, innovativeness, information, recognition or rewards, and organizational climate diminished the negative relationship between student misbehavior and work engagement. Hence, Bakker et al. suggest that these could all be considered as important job resources because each of these conditions was able to buffer the negative impact of student misbehavior on engagement.

Similarly, researchers have found other forms of job resources to be correlated with engagement (e.g., Hakanen, Bakker, & Schaufeli, 2006; Schaufeli & Bakker, 2004). For example, Schaufeli and Salanova (2007) argued that employee engagement is increased when managers provide their subordinates with coaching, advice, and emotional support. In fact, in order to keep employees engaged, organizations need to allow them to continue to develop and grow throughout their careers; hence, Gruman and Saks (2011) suggest that training is a relevant method of providing employees with resources that allow them to fully engage, and gain knowledge and skills for their career and professional development. For example, Paradise (2008) examined the connection

between employee engagement and learning. Data were collected from executives, HR professionals, and other business leaders who reported their organizations' practices such as measuring, facilitating, and supporting engagement among their workers. Results from this study revealed that the learning function played a key role in shaping engagement. Specifically, when respondents were asked about the factors that influenced engagement in their organization, they ranked the quality of workplace learning opportunities as most important.

Similarly, Xanthopoulou, Bakker, Demerouti, and Schaufeli (2009) found that managerial coaching, defined as providing employees with guidance and feedback in problem solving, had a direct positive relationship with an employee's work engagement on the following day which was later found to influence financial returns for that day. Additionally, Brown (2011) suggests that in order for employees to be engaged, their perceptions of opportunities to move upward are essential. Demerouti and Cropanzano (2010) argued that job resources are hypothetical antecedents of engagement, so the current study focuses on job resources in the form of managerial support, training, and development opportunities. The following hypothesis will be tested:

Hypothesis 2. Job resources will be positively related to engagement.

Performance and engagement appraisal and feedback. This component of the model involves appraisals and evaluations of employee performance. In terms of employee engagement, Gruman and Saks (2011) suggest that the process should also include an assessment of an employee's engagement behavior (e.g., persistence, proactivity, role expansion, adaptability). The main activities of this component are

performance appraisals and feedback, but in order to enhance engagement, Gruman and Saks argue that trust and justice perceptions are essential.

The terms rewards and recognition will be used interchangeably and they refer to the daily, low-cost, on-the-spot awards, certificates, gifts of thanks, and other ways one regularly praises and expresses gratitude to employees (Gotstick & Elton, 2007). Not only does recognition reinforce good performance, but it enables employees to feel that their time, efforts, and ingenuity are worthwhile, which leads to employee engagement (Brown, 2011). For example, Koyuncu, Burke, and Fiksenbaum (2006) examined the potential antecedents and consequences of work engagement with a sample of women managers and professionals who worked at a large Turkish bank. Results showed that autonomy, rewards, and recognition were significant predictors of employee engagement.

Feedback also promotes engagement because it fosters learning, which increases job competence and the likelihood of being successful in achieving one's work goals (Bakker & Demerouti, 2008). For example, Wagner and Harter (2006) found that employees were more likely to remain at their company and recommend the company as a good place to work when their managers regularly checked in with them. Hence, providing supportive feedback allows employees to know that managers care about their performance and success, which increases their levels of engagement (Marciano, 2010).

Additionally, Gruman and Saks (2011) suggest that in order to enhance engagement, employees need to perceive that appraisals and feedback are provided in a fair manner. Macey et al. (2009) stated that trust and fairness are the foundation for employees to feel and act engaged. Trust is defined as how positively people feel that

others will act for them and with them in the future (Macey et al., 2009), and fairness is the “extent to which decisions at work are perceived as being fair and equitable” (Maslach & Leither, 2008, p. 500). For example, Maslach and Leiter (2008) demonstrated that fairness was associated with engagement. A longitudinal study was conducted in order to examine how burnout changed over time. Specifically, the purpose of their study was to examine which of the six areas of worklife (workload, control, reward, community, fairness, and values) were indicators of burnout. Participants completed the survey at two different times with a one year interval. Results from their study showed that those who perceived inconsistency in the area of fairness at Time 1 experienced burnout at Time 2, whereas those without this inconsistency reported engagement. Hence, employees’ perception of fairness in the workplace determined whether they changed toward burnout or engagement at a later time (Maslach & Leither, 2008).

Because studies have shown that rewards and recognition, feedback, and fairness lead to good performance and engagement (e.g., Brown, 2011; Gruman & Saks, 2011; Maslach & Leither, 2008), the current study only focuses on recognition, feedback, and fairness. Therefore, this leads to the following hypothesis:

Hypothesis 3. Recognition, feedback and fairness will be positively related to engagement.

Engagement and performance. Lastly, the engagement management model posits that engagement leads to improved performance. According to Roe (1999), performance can either be referred to as a process or an outcome. The process of

performance focuses on particular actions or behaviors that individuals undertake to achieve performance or what they do in work situations. In contrast, the outcomes of performance are products or services produced that are consistent with the organization's overall strategic goals. For the purpose of the current study, the outcome of performance is utilized, and it is in the form of supervisory performance ratings.

Over many years, studies have shown that engagement is positively correlated with organizational performance (e.g., Harter, Schmidt, Killham, & Asplund, 2006; Towers Perrin-ISR, 2006). For example, Harter et al. (2006) from the Gallup Organization examined 23,910 business units by comparing their financial performances with their engagement levels and found that those with higher engagement levels had a lower rate of turnover, less inventory shrinkages, and fewer accidents than those with lower engagement levels. Moreover, productivity increased by 18% and profitability by 12% among those business units with higher engagement levels. Similarly, Tower Perrins-ISR (2006) collected data from over 664,000 employees from more than 50 companies around the world and compared financial performance of those organizations with their engagement levels. Results showed that companies' operating incomes improved by 19.2% for those with higher levels of employee engagement, whereas operating incomes decreased by 32.7% for companies with lower levels of employee engagement.

Although studies have shown that employee engagement is correlated with organizational outcomes (e.g., return on assets, profits), Rich, LePine, and Crawford (2010) argue that researchers have not examined employee engagement as a mechanism

that connects employee characteristics and organizational factors to job performance. Rich et al. assert that engagement provides a more comprehensive explanation of a relationship with performance compared to the other well-known concepts (i.e., job involvement, job satisfaction, and intrinsic motivation). The purpose their study was to examine engagement as a key mechanism that explains the relationships among a variety of individual characteristics, organizational factors, and job performance. Data were collected from 245 firefighters and their supervisors. These two groups of participants were asked to rate their own levels of job engagement, job involvement, job satisfaction, intrinsic motivation, value congruence, perceived organizational support, and core self-evaluations. Several variables (i.e., job involvement, job satisfaction, intrinsic motivation, and engagement) were examined as mediators, but Rich et al. found that engagement was the variable that fully accounted for the relationships among the antecedents (i.e., value congruence, perceived organizational support, and core self-evaluations) and job performance. In other words, engagement had a greater predictive power compared to the other variables.

Findings from Xanthopoulou, Bakker, Heuven, Demerouti, and Schaufeli's (2008) study also supported this argument that engagement as a mediator provided a more comprehensive explanation in relationships between antecedents and performance outcomes than other variables (e.g., self-efficacy). They examined whether colleague support predicted job performance through self-efficacy and work engagement. Results from their study showed that self-efficacy did not mediate the relationship between colleague support and performance, but engagement did. Not only did engagement

mediate the relationship between colleague support and performance, it also mediated the relationship between self-efficacy and job performance. Therefore, Xanthopoulou et al.'s study supported Rich et al.'s (2010) argument that engagement has more predictive power as a mediator and it is a means through which organizations can create competitive advantages.

Additionally, according to Gruman and Saks (2011), individual performance is a necessary pre-condition for organizational-level outcomes, but there is a lack of evidence in terms of how engagement relates to individual performance. However, there exists indirect evidence which links engagement to individual performance. In the educational context, Schaufeli, Martinez, Pinto, Salanova, and Bakker (2002) examined the relationship of engagement and burnout with academic performance. The study consisted of Spanish, Dutch, and Portuguese students. The number of passed exams and the total number of exams taken during the semester were computed into a ratio in order to determine academic performance. They found that engaged students were more likely to pass their exams, felt less exhausted, and less cynical (experienced more efficacy and vigor), than those who performed poorly on their exams.

Although many studies have shown that engagement is positively correlated to organizational performance (e.g., Harter et al., 2002), there is a lack of theory and empirical observation for the role of engagement as a means through which organizations can create competitive advantages (Rich et al., 2010), and researchers argue that engagement provides more value as a mediator (e.g., Rich et al., 2010; Xanthopoulou et al., 2008). Therefore, based on these arguments, the following hypothesis will be tested:

Hypothesis 4. Employee engagement mediates the relationship between each of the drivers of engagement (goal setting, job resources, and recognition, feedback and fairness) and employee performance.

Purpose of the Current Study

Organizations have been focusing their attention on performance management as a way to improve organizational performance and productivity (Boxall & Purcell, 2003; Buchner, 2007). However, studies have shown that PM systems have been ineffective because employees do not find it helpful in terms of improving their performance. Therefore, researchers suggest that PM systems should be redesigned to foster employee engagement. This is because employee engagement has been receiving research attention as a key determinant of performance (Macey et al., 2009). In fact, studies have found that having engaged employees within an organization is positively related to organizational success. Gruman and Saks (2011) argue that in order to improve PM systems, it is important to focus on engagement as a driver of increased performance, and hence, have developed an engagement management model.

Because studies have shown that some factors of the engagement management model are associated with engagement, and that higher levels of performance are the outcomes of engagement, it is reasonable to assume that the components of the engagement management process lead to improved performance through engagement. Therefore, the purpose of this study is to adapt Gruman and Saks' (2011) engagement management model to examine the relationship between the factors that drive engagement (i.e., *performance agreement* — goal setting; *engagement facilitation* — job

resources in the form of managerial support, and training and development opportunities; *performance and engagement appraisal and feedback* — recognition, feedback, and fairness) and performance. More specifically, engagement is examined as a mediator between the drivers of engagement and performance.

Method

Participants

Participants were employees from a U.S. company in the health care industry. There were 829 participants in the sample with a response rate of 70%. However, those participants without supervisory performance ratings were eliminated from further analyses. Hence, the final sample consisted of 590 full-time employees.

Demographic information of the participants was obtained from Human Resource Information Systems (HRIS) records which included information about age, gender, ethnicity, and tenure. Table 1 presents demographic information of participants. The age distributions of participants were as follows: 11.7% under 30 years old, 45.1% between 30-44 years old, 23.7% between 45-54 years old, and 19.5% 55 years old or older. The sample consisted of predominantly females (72.7%). The ethnic composition of the sample was diverse; 36.6% White, 33.1% Asian, 20.3% Hispanic or Latino, and 6.9% Black or African American.

The tenure of the participants were split almost evenly among different categories: 26.4% of the participants have been with the company for at least 1 – 3 years, 24.4% for 3 – 5 years, 26.1% for 5 – 10 years, and 21.5% for 10 years and over.

Table 1

Demographic Characteristics of Participants

Measure	N=590	%
Age		
Under 30	69	11.7
30-44	266	45.1
45-54	140	23.7
55 or over	115	19.5
Gender		
Male	161	27.2
Female	429	72.7
Race/Ethnicity		
American Indian/Alaskan Native	2	.3
Asian	195	33.1
Black or African American	41	6.9
Hispanic or Latino	120	20.3
Native Hawaiian or Other Pacific Islander	8	1.4
White	216	36.6
Two or more races	8	1.4
Tenure		
90 days – 1 year	9	1.5
1 – 3 years	156	26.4
3 – 5 years	144	24.4
5 – 10 years	154	26.1
10 years and over	127	21.5

Procedure

The company hired a third party vendor to administer an online survey on the company's behalf. All employees were provided with a link to the survey and a unique password was sent to their company email. All employees were encouraged to participate in the survey. Employees had an option not to participate in the survey; however, if they chose to participate, they had to use the password that was given to them

in order to log into the survey website. The survey took approximately 10-15 min to complete, and it had to be completed in one sitting and on-site during work hours. The survey asked participants on their general opinions about the effectiveness of the organization such as goals setting within the workplace, job resources, recognitions or rewards, feedback, and engagement. The completion of the survey concluded their participation in the study.

Measures

All the variables, except the performance ratings, were measured using a 5-point Likert scale (1 = *Strongly disagree*, 5 = *Strongly agree*).

Goal setting. Goal setting was measured with five items. Sample items include: “I am clear on what is expected of me,” “I understand the most important goals for my department,” and “My manager solicits my input when making decisions that affect me.” Scores were summed and averaged ($\alpha = .82$). Participants indicated the extent to which they agreed or disagreed with each statement. Higher scores indicate that employees felt that they were clear on what was expected of them, understood the most important goals for their department, and agreed that their managers solicited their inputs when making decisions that affected them.

Job resources. Job resources were measured with four items. Sample items include: “My manager helps me get the resources that I need to do a quality job,” “My manager supports my professional growth and development,” and “I have adequate training to do my job.” Scores were summed and averaged ($\alpha = .79$). Higher scores

indicate that participants perceived that the organization provided resources for them to do their jobs and opportunities for their growth and development.

Recognition, feedback, and fairness. Recognition, feedback, and fairness were measured with five items. Sample items include: “My manager provides recognition when I exceed expectations,” “My manager provides clear and timely feedback on my performance,” and “The focal review process is designed to fairly rate my actual performance.” Scores were summed and averaged ($\alpha = .87$). Higher scores indicate that participants perceived that they were provided with recognition and feedback for their performance in a fair manner.

Employee engagement. Employee engagement was measured with eight items. Sample items include: “I enjoy coming to work,” “I am confident that [the organization] is going in the right direction,” and “I expect to have a long career with [the organization].” Scores were summed and averaged ($\alpha = .90$). Higher scores indicate higher levels of engagement among participants.

Performance. Performance of employees was measured based on a supervisory rating. Supervisory ratings were obtained from the company’s HRIS records. Original supervisory ratings were categorized into four groups: 1.0-1.5, 1.6-2.0, 2.1-2.5, and 2.6 and above. Higher numbers indicate better performance ratings. For the present study, these groups were categorized as follows: 1 = 1.0 – 1.5; 2 = 1.6 – 2.0; 3 = 2.1 – 2.5; 4 = 2.6 and above. Higher scores indicate better performance ratings, whereas lower scores indicate lower performance ratings. Refer to the Appendix for a list of items that were used for the current study.

Results

Descriptive Statistics

Table 2 presents the descriptive statistics for the measured variables. As can be seen in the table, participants were clear of what was expected of them and were aware of organizational goals ($M = 4.14$, $SD = .72$), perceived that the organization provided resources for them to do their jobs as well as opportunities for their growth and development ($M = 3.96$, $SD = .84$), and somewhat believed that they were provided with recognition and feedback for their performance in a fair manner ($M = 3.81$, $SD = .93$). Participants were highly engaged with their jobs ($M = 4.33$, $SD = .67$). Supervisors rated these participant performances relatively high ($M = 3.27$, $SD = .69$). The mean performance rating corresponds to the original category of 2.1-2.5 and better.

Table 2

Means and Standard Deviations of the Measured Variables

	M	SD
Goal setting	4.14	.72
Job resources	3.96	.84
Recognition, feedback, and fairness	3.81	.93
Employee engagement	4.33	.67
Performance rating	3.27	.69

Note: $n = 590$.

Intercorrelations Among the Measured Variables

Table 3 presents Pearson correlation coefficients among the drivers of engagement (goal setting, job resources, and recognition, feedback and fairness), employee engagement, and supervisory performance ratings. As can be seen in the table, the three drivers of engagement were highly intercorrelated. Furthermore, all of these drivers of engagement were positively related to employee engagement. Goal setting had the strongest relationship with employee engagement ($r = .81, p < .01$), followed by job resources ($r = .71, p < .01$) and recognition, feedback, and fairness ($r = .64, p < .01$). These results indicate that the more employees were aware of what was expected of them, believed they were provided with resources to do their jobs, and perceived they were being recognized or given feedback on their performance in a fair manner, the more engaged they were with their jobs.

Moreover, all of the drivers of employee engagement were positively related with performance ratings. Recognition, feedback, and fairness had the strongest relationship with performance ($r = .16, p < .01$). Although significant, both goal setting and job resources had weaker relationships with performance (both $r = .10, p < .05$). These results indicate that when employees were clear of what was expected of them, were provided with resources to do their jobs, and received recognition and feedback in a fair manner, the better they performed on their jobs.

Although the drivers of engagement were correlated with performance, the size of the correlations was much smaller than the size of the correlations between the drivers of

engagement and employee engagement. Surprisingly, employee engagement was not significantly related to performance ($r = .06, p > .05$).

Table 3

Pearson Correlations of the Measured Variables

Variables	1	2	3	4	5
1. Goals setting	--				
2. Job resources	.76**	--			
3. Recognition, feedback, and fairness	.74**	.81**	--		
4. Employee engagement	.81**	.71**	.64**	--	
5. Performance	.10*	.10*	.16**	.06	--

Notes: * $p < .05$, ** $p < .01$. $n = 590$

Tests of Hypotheses

Hypotheses 1, 2, and 3 stated that goal setting, job resources, and recognition, feedback, and fairness would be positively related to engagement, respectively. These hypotheses were tested with Pearson correlations. As can be seen in Table 3, goals setting ($r = .81, p < .01$), job resources, ($r = .71, p < .01$), and recognition, feedback, and fairness ($r = .64, p < .01$), were all positively correlated with employee engagement. These results indicate that the more employees were clear of what was expected of them, were provided with resources to do their jobs, and were recognized and received feedback in a fair manner, the more engaged they were with their jobs. Hence, all three of the hypotheses were supported.

Hypothesis 4 stated that employee engagement would mediate the relationship between the three drivers of employee engagement (goals setting, job resources, and recognition, feedback, and fairness) and employee performance. Multiple regression analyses were conducted to test the relation between each driver of employee engagement and performance with employee engagement as a mediator. According to Baron and Kenny (1986), in order for a mediation effect to occur, the following conditions must be established: (a) the predictor variable is correlated with the criterion variable (path c), (b) the predictor variable is correlated with the mediator (path a), (c) when the criterion variable is regressed on the predictor and mediator variables, the mediator is correlated with the criterion variable (path b), and (d) the previously significant relationship between the predictor and criterion variables is attenuated after controlling for the mediator (path c').

When one has complete mediation, an introduction of the mediator into the equation eliminates the relation between the predictor and criterion variables. However, in the case of partial mediation, the relation between the predictor and criterion variables is reduced but not eliminated (Prelow, Mosher, & Bowman, 2006). This reduction is considered to be significant if the indirect effect (ab) of the predictor variable on the criterion variable through the mediator is statistically significant. In the case of indirect mediation, a Sobel test is used to test whether a mediator carries the influence of the predictor to the criterion. Figure 2 delineates a mediation model (Baron & Kenny, 1986).

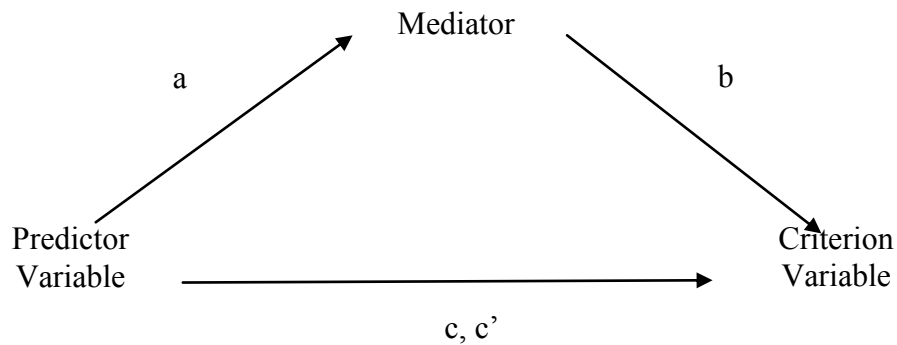


Figure 2. Baron and Kenny's (1986) Mediation Model

Table 4 presents the standardized regression coefficients, their standard errors, and p values for each of the mediator analysis tested. The first mediation test examined employee engagement as a mediator of the relationship between goal setting and performance. Goal setting was significantly associated with performance ($\beta = .10, p < .05$). This result indicates that the more employees were aware of what was expected of them, the better they performed. Goal setting was also significantly related to employee engagement ($\beta = .81, p < .001$). This result indicates that the more employees were aware of what was expected of them, the more engaged they were with their jobs. Performance was regressed on goal setting and employee engagement. Results showed that there was not a significant association between employee engagement and performance ($\beta = -.05, p > .05$). Hence, further analyses were not conducted. Note that the beta weight associated with Path c' increased rather than reduced compared to the beta weight in Path c . Therefore, results from this model showed that goal setting was positively related to employee engagement and supervisory performance ratings, but

employee engagement was not related to the supervisory performance ratings and did not mediate the relationship between goal setting and performance. Figure 3 displays a path diagram with standardized regression coefficients and p values.

The second mediation test examined employee engagement as a mediator of the relationship between job resources and performance. Job resources were significantly associated with performance ($\beta = .10, p < .05$). This result indicates that when employees were provided with resources to do their jobs, the better they performed on their jobs. Job resources were also significantly related to employee engagement ($\beta = .71, p < .001$). This result indicates that when employees were provided with resources to do their jobs, the more engaged they were with their jobs. Performance was regressed on job resources and employee engagement. Results showed that there was not a significant association between employee engagement and performance ($\beta = -.03, p > .05$). Hence, further analyses were not conducted. Note that the beta weight associated with Path c' increased rather than reduced compared to the beta weight in Path c. Therefore, results from this model showed that job resources was positively related to employee engagement and supervisory performance ratings, but employee engagement was not related to supervisory performance ratings and did not mediate the relationship between job resources and performance. Figure 4 displays a path diagram with standardized regression coefficients and p values.

Table 4

Tests of Employee Engagement as a Mediator of the Relationship Between Each Drivers of Employee Engagement and Performance

Model Tested	Path a	Path b	Path c	Path c'
Goal Setting–Employee Engagement–Performance	.81*** (.02)	-.05 (.07)	.10* (.04)	.14 (.06)
Job Resources–Employee Engagement–Performance	.71*** (.02)	-.03 (.06)	.10* (.03)	.12* (.04)
Recognition, Feedback, and Fairness–Employee Engagement–Performance	.64*** (.02)	-.08 (.06)	.16*** (.03)	.22*** (.04)

Notes: * $p < .05$, ** $p < .01$, *** $p < .001$

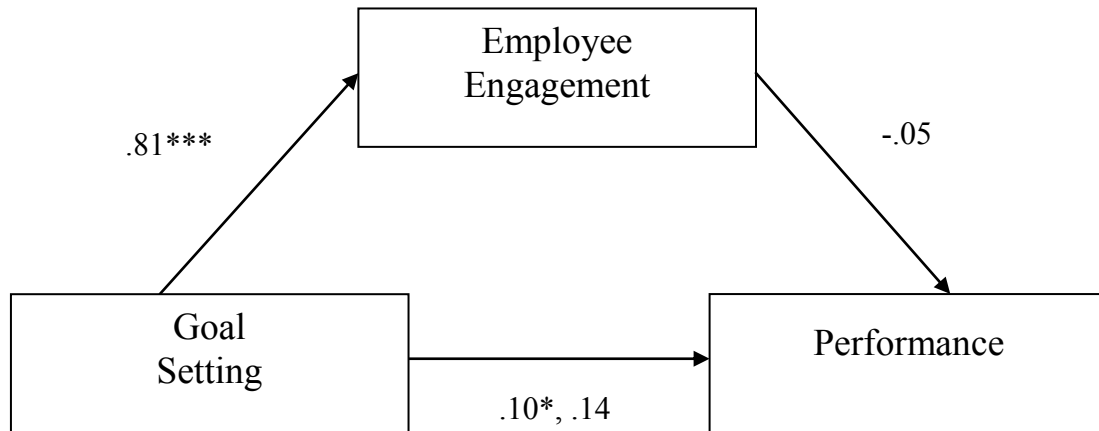


Figure 3. Mediation model for the first mediation analysis

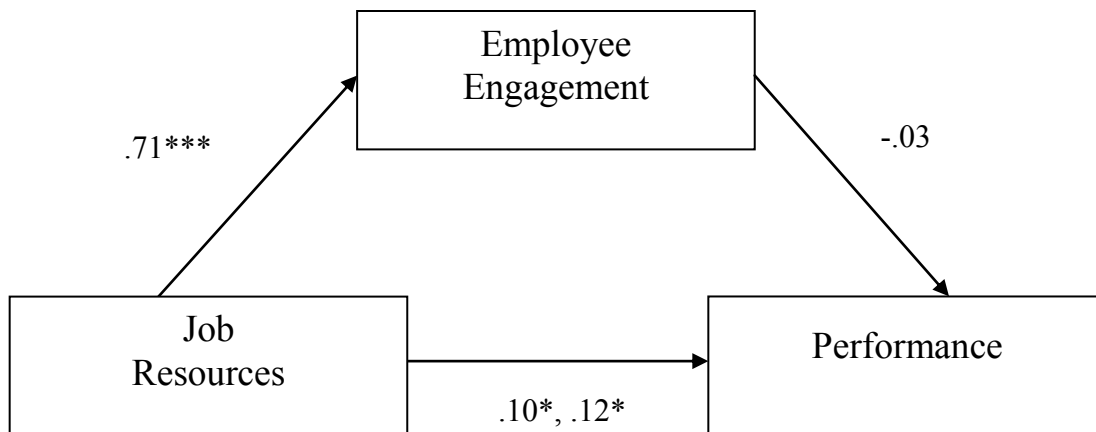


Figure 4. Mediation model for the second mediation analysis

The third mediation test examined employee engagement as a mediator of the relationship between recognition, feedback, and fairness and performance. Recognition, feedback, and fairness were significantly associated with performance ($\beta = .16, p < .001$). This result indicates that when recognition and feedback were provided to employees in a fair manner, the better they performed on their jobs. Recognition, feedback, and fairness

were also significantly associated with employee engagement ($\beta = .64, p < .001$). This result indicates that if more recognition and feedback were provided to employees in a fair manner, the more engaged they were with their jobs. Performance was regressed on recognition, feedback, and fairness, and employee engagement. Results showed that there was not a significant association between employee engagement and performance ($\beta = -.08, p > .05$). Hence, further analyses were not conducted. Again, note that the beta weight associated with Path c' increased rather than reduced compared to the beta weight in Path c. Therefore, results from this model showed that recognition, feedback, and fairness was positively related to employee engagement and performance ratings, but employee engagement was not related to performance ratings and did not mediate the relationship between recognition, feedback, and fairness and performance. Figure 5 displays a path diagram with standardized regression coefficients and p values. These results did not support Hypothesis 4.

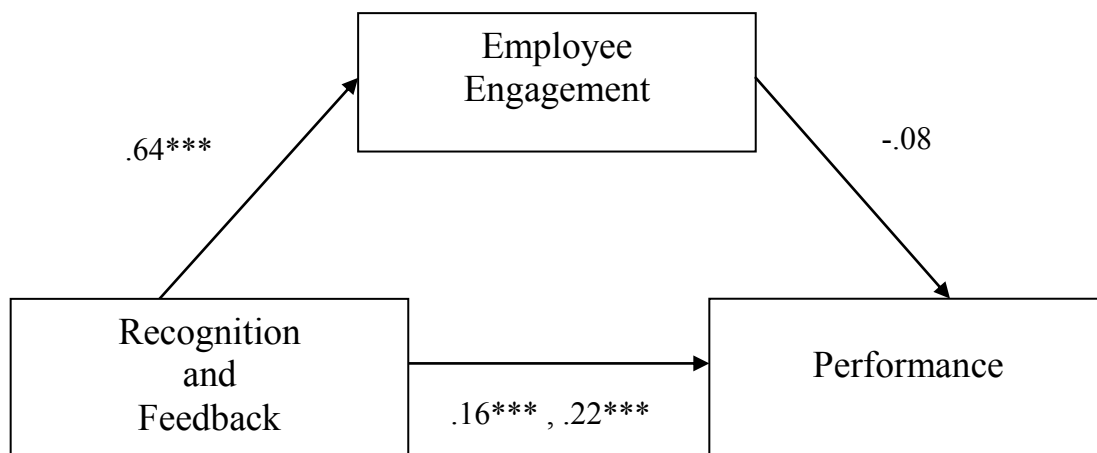


Figure 5. Mediation model for the third mediation analysis

In summary, Hypotheses 1 through 3 were supported. All the drivers of engagement (goal setting, job resources, and recognition, feedback and fairness), indeed, predicted employee engagement. However, Hypothesis 4 was not supported because engagement did not act as a mediator for the relationship between each of the drivers of engagement and performance. These results suggest that employee engagement did not have a mediating role in explaining the relationships between the drivers of engagement and performance. All of the models tested only met the first two conditions of Baron and Kenny's (1986) mediation criteria. However, results also showed that the drivers of engagement were directly related to performance.

Discussion

Organizations have been focusing their attention on PM systems as a way to improve organizational performance and productivity (Boxall & Purcell, 2003). Yet, studies have shown that PM systems have been ineffective because employees do not find them helpful in improving their performance (e.g., Pulakos & O’Leary, 2011; Watson Wyatt Worldwide, 2004) and PM systems currently in use have been criticized on the basis of whether they are built based on theories and research (Buchner, 2007). Therefore, researchers suggest that PM systems should be redesigned to foster employee engagement because engagement has been found to be positively related to organizational successes including higher profitability, employee productivity, and earnings per share (e.g., Bates, 2004; Baumruk, 2004; Harter et al., 2002). Consequently, Gruman and Saks (2011) argue that in order to improve PM systems, it is important to focus on employee engagement as a driver of performance and have developed an engagement management model.

The purpose of the current study was to examine the relationship among the factors that drive engagement, employee engagement, and performance by adapting Gruman and Saks’ (2011) model. Specifically, engagement was examined as a hypothesized mediator of the relationship between the drivers of engagement (i.e., goal setting, job resources, and recognition, feedback, and fairness) and performance.

Hypotheses 1 through 3 stated that goal setting, job resources, and recognition, feedback, and fairness would be positively related to employee engagement, respectively. All three hypotheses were supported and consistent with prior findings. Results for the

first hypothesis showed that when employees were aware of what was expected of them, the more engaged they were with their jobs. This finding is consistent with Medlin and Green (2009) who reported that goal setting stimulated employee engagement positively. As for the second hypothesis, results indicated that when job resources were provided to employees in the form of managerial support, training, and development opportunities, employees were more engaged with their jobs. Consistent with prior research, researchers found that employee engagement levels increased when managers provided coaching, advice, and emotional support (e.g., Schaufeli & Salanova, 2007). Results for Hypothesis 3 showed that recognition, feedback, and fairness were positively associated with employee engagement. This result supports previous research findings such that recognition and feedback provided in a fair manner are significant predictors of engagement (e.g., Bakker & Demerouti, 2008; Koyuncu, et al., 2006).

Hence, consistent with prior research on engagement as well as PM systems, performance appraisal (i.e. setting goals), engagement facilitation (i.e., providing job resources in the form of managerial support, training, and development opportunities), and performance and engagement appraisal and feedback (i.e., providing recognition for exceptional performance and feedback in a fair manner) are likely to be associated with employee engagement where they are more likely to go the extra mile, have the desire to stay with the organization, recommend that organization is a good place to work, and/or perform extra-role behaviors.

Hypothesis 4 predicted that engagement would mediate the relationship between each of the drivers of employee engagement and performance. The first model tested

engagement as a mediator of the relationship between goal setting and performance. The second model tested engagement as a mediator of the relationship between job resources and performance. The third model tested engagement as a mediator of the relationship between recognition, feedback, and fairness, and performance. Results from these analyses showed that for all three models tested, only two of the four conditions that Baron and Kenny (1986) have developed to establish mediation were met. That is, all three drivers were related positively to employee engagement and to performance. However, when performance was regressed on each of the drivers of engagement and employee engagement, employee engagement did not have a significant relationship with performance. Indeed, an introduction of employee engagement into the equation did not eliminate or reduce the relation between each of the drivers of engagement and performance, but instead it increased the relation between them. Therefore, Hypothesis 4 was not supported. Hence, employee engagement did not act as a mediator for the relationship between any of the drivers of employee engagement and performance in the present study.

There could be several reasons as to why employee engagement did not mediate the relationship between each driver of employee engagement and performance. First, the psychometric properties of the performance measure are questionable. Specifically, supervisory performance ratings were obtained from the company's HRIS records. No information was provided as to how the performance of the employees was rated, and how and when the performance ratings were obtained. Furthermore, performance was measured based on categories (i.e., 1.0-1.5, 1.6-2.0, 2.1-2.5, and 2.6 and above), but no

information was provided as to what these categories meant. Thus, the construct validity of performance is at stake. Moreover, employee performance was measured with one item, and constructs measured with one-item are often considered to be less reliable (Spector, 1992). Second, managerial biases and errors (e.g., halo, leniency, and/or central tendency) could have affected these performance ratings. More specifically, managerial biases often contain errors which could affect the performance ratings of employees in ways that performance ratings can either be artificially low or artificially high (Rynes, Gerhart, & Parks, 2005). Therefore, it is uncertain whether these performance ratings are an accurate indicator of employees' performance. Third, in the present study, engagement was defined as the degree to which employees were involved with, committed to, enthusiastic, and passionate about their work, and included the vigor component. Given this definition, employee engagement might have been captured better by how employees perform their jobs than by what they do on their jobs. That is, if performance was measured as a process (e.g., how an employee approaches a problem, how they work despite obstacles) rather than as an output (e.g., what they perform), then employee engagement might have been related to performance, and might have acted as a mediator.

Given these concerns, it is premature to conclude that employee engagement does not act as a hypothesized mediator of the drivers of engagement and employee performance. Because results from the present study demonstrated that the drivers of engagement were positively related to employee engagement as expected, and that they were also directly related to performance. Therefore, it is worthwhile to further examine

the engagement management model and employee engagement as a hypothesized mediator.

Strengths, Limitations, and Future Research

The present study is one of the first studies to empirically examine part of Gruman and Saks' (2011) engagement management model. Specifically, the present study was designed to test whether the drivers of engagement (i.e., goal setting, job resources, and recognition, feedback, and fairness) were indeed related to engagement, which in turn, were related to employee performance. Although results from the present study did not show employee engagement as a hypothesized mediator of the relationship between the drivers of engagement and performance, results showed that the drivers of engagement were positively related to employee engagement, thus, partially supporting the model. Furthermore, findings from this study are consistent with previous research findings on employee engagement. Specifically, specific goals (goal setting), job resources (i.e., managerial support, training, development and growth opportunities), and recognition, feedback, and feedback all predicted employee engagement. In fact, the results of the present study contribute to the literature on PM systems because the drivers of engagement are directly related to employee performance.

Despite the several contributions of the study, it is not without limitations. First, as mentioned earlier, one limitation of the study is the way performance was measured. The performance measure was not psychometrically sound. Accordingly, if this construct was measured with more than one item and clear operationalization of the construct, or eliminate the possibility of managerial bias, then we might have been able to

show employee engagement as a mediator. Therefore, future research should use a psychometrically sound measure of performance.

Similarly, according to Roe (1999), performance can be measured in terms of process or output. The current study measured performance as an output. However, as mentioned earlier, given the definition of employee engagement used in the present study, engagement might be related more to the process of performance than to the output of performance. In other words, if employees are involved with, enthusiastic, and passionate about their work, such engagement might show more in the way they perform rather than what they produce. Thus, if performance was measured as a process, engagement might mediate the relationship between the drivers of engagement and performance. Therefore, future research should examine performance as a process to see if employee engagement serves as a mediator of the relationship between the drivers of engagement and performance.

The second limitation is that performance was measured in terms of in-role behavior (i.e., supervisor performance rating) in the current study, however, performance could also contain extra-role behavior (i.e., organizational citizenship behavior). According to Saks (2006), engaged employees display organizational citizenship behaviors; therefore, future research should expand the performance construct to include both in-role and extra-role behavior as well as examine whether employee engagement mediates the relationship between the drivers of engagement and both types of performance.

The third limitation is that not all of the elements of the drivers of employee engagement (e.g., psychological contract, leadership, engagement behavior appraisals) from Gruman and Saks' (2011) engagement management model were measured in the present study. Therefore, future research should include these elements and examine how they are related to employee engagement as well as employee performance.

Finally, data were collected from one organization in the healthcare industry; hence, results from this study may not be generalized across other companies and industries. Therefore, future research should examine Gruman and Saks' (2011) engagement management model in other organizations and/or in a different industry.

Theoretical and Practical Implications of the Study

Although Gruman and Saks' (2011) model proposes that the drivers of engagement influences performance through employee engagement, results of the current study showed that the drivers of engagement (i.e., goal setting, job resources, and recognition, feedback, and fairness) were directly related to performance. From a theoretical standpoint, according to the goal setting theory, Locke and Latham (2002) posit that specific goals lead to better performance than ambiguous goals. Additionally, Bakker, Demerouti, and Verbeke (2004) found that job demands predicted burnout, which in turn, predicted in-role performance, and job resources predicted extra-role performance. Given these findings, it might be possible that the drivers of engagement correlate with performance directly and indirectly through employee engagement. In fact, Gruman and Saks' model might be improved by adding a direct path from the drivers of employee engagement to performance.

From a practical standpoint, results from the current study support past research such that the indicators of engagement, indeed, predict employee engagement. Given prior findings that employee engagement leads to competitive advantages and positive outcomes for the company (e.g., Bates, 2004; Baumruk, 2004; Harter et al., 2002), organizations should focus on enhancing employee engagement within the organization by training managers how to effectively facilitate employee engagement. Although results from the current study showed that engagement did not translate into actual performance, engagement may lead to other benefits for the organization which was not measured (i.e., organizational citizenship behaviors) in the present study. Therefore, it is worthwhile to develop a PM system that includes employee engagement.

Conclusion

Employee engagement and PM systems will continue to be essential for competitive advantages and performance outcomes in organizations. The purpose of this study was to examine employee engagement as a hypothesized mediator of the relationship between the drivers of engagement and performance by adapting part of Gruman and Saks' (2011) engagement management model that incorporates employee engagement into PM systems. Although results of the present study did not show that employee engagement acted as a mediator of the relationship between the drivers of employee engagement and performance, they demonstrate that the drivers of engagement were positively related to employee engagement and performance. Therefore, it is suggested that organizations should redesign their PM systems to foster engagement so that it enhances engagement levels and improves performance.

References

- Armstrong, M. (2006). *Performance management: Key strategies and practical guidelines*. London, UK: Kogan Page Limited.
- Bakker, A. B., & Demerouti, E. (2007). The job demands-resources model: State of the art. *Journal of Managerial Psychology*, *22*, 309-328.
- Bakker, A. B., & Demerouti, E. (2008). Towards a model of work engagement. *Career Development International* *13*(3), 209-223.
- Bakker, A. B., & Xanthopoulou, D. (2009). The crossover of daily work engagement: Test of actor-partner interdependence model. *Journal of Applied Psychology*, *94*(6), 1562-1571.
- Bakker, A. B., Demerouti, E., & Verbeke, W. (2004). Using the job demands-resources model to predict burnout and performance. *Human Resource Management*, *43*(1), 83-104.
- Bakker, A. B., Hakanen, J. J., Demerouti, E., & Xanthopoulou, D. (2007). Job resources boost work engagement, particularly when job demands are high. *Journal of Educational Psychology*, *99*(2), 274-284.
- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, *51*, 1173-1182.
- Bates, S. (2004). Getting engaged. *HR Magazine*, *49*(2), 44-51.
- Baumruk, R. (2004). The missing link: The role of employee engagement in business success. *Workspan*, *47*, 48-52.
- Boxall, P. & Purcell, J. (2003). *Strategy and Human Resource Management*. Houndmills, UK: Palgrave MacMillan.
- Brown, J. (2011). *An examination of management practices as predictors of employee work engagement* (Master's thesis). Available from ProQuest Dissertations and Theses database. (UMI No. 1495031).
- Buchner, T. W. (2007). Performance management theory: A look from the performer's perspective with implications for HRD. *Human Resource Development International*, *10*, 59-73.

- Cardy, R. L. (2004). *Performance management: Concepts, Skills, and Exercises*. Armonk, NY: M.E. Sharpe.
- Carver, C. S. and Scheier, M. F. (1981) *Attention and self-regulation: A control theory approach to human behavior*. New York: Springer-Verlag.
- Carver, C. S. and Scheier, M. F. (1998). *On the self-regulation of behavior*. Cambridge: Cambridge University Press.
- Demerouti, E., & Cropanzano, R. (2010). From thought to action: Employee work engagement and job performance. In A. B. Bakker & M. P. Leiter (Eds.), *Work engagement: A handbook of essential theory and research* (pp. 147-163). Hove, East Sussex: Psychology Press.
- Development Dimensions International. Retrieved from www.ddiworld.com
- Doi, Y. (2005). An epidemiologic review on occupational sleep research among Japanese Workers. *Industrial Health*, 43, 3-10.
- Fletcher, C. (2001) Performance appraisal and management: The developing research agenda, *Journal of Occupational and Organizational Psychology*, 74, 473 – 87.
- Gostick, A. & Elton, C. (2007). *The carrot principle: How the best managers use recognition to engage their people, retain talent, and accelerate performance*. New York: Free Press.
- Gruman, J. A. & Saks, A. M. (2011). Performance management and employee engagement. *Human Resource Management Review*, 21, 123-136.
- Hakanen, J. J., Bakker, A. B., & Schaufeli, W. B. (2006). Burnout and work engagement among teachers. *Journal of School Psychology*, 43, 495-513.
- Halbesleben, J.R.B. and Buckley, M.R. (2004). Burnout in organizational life. *Journal of Management*, 30, 859-879.
- Harter, J. K., Schmidt, F. L. & Hayes, T. L. (2002). Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87, 268-279.
- Harter, J. K., Schmidt, F. L., Killham, E. A., & Agrawal, S. (2009). *Q12 meta-analysis: The relationship between engagement at work and organizational outcomes*. The Gallup Organization.

- Harter, J. K., Schmidt, F. L., Killham, E. A., & Asplund, J. W. (2006). *Q12 meta-analysis*. Gallup. Omaha, NE..
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 692-724.
- Koyuncu, M., Burke, R. J., Fiksenbaum, L. (2006). Work engagement among women managers and professionals in a Turkish bank: Potential antecedents and consequences. *Equal Opportunities International*, 25(4), 299-310.
- Locke, E. A., & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. *American Psychologist*, 57, 705-717.
- Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 1(1), 3-30.
- Macey, W. H., Schneider, B., Barbera, K. M., & Young, S. A. (2009). *Employee engagement: Tools for analysis, practice and competitive advantage*. Malden, WA: Wiley-Blackwell.
- Marciano, P. L. (2010). *Carrots and Sticks Don't Work: Build a Culture of Employee Engagement with the Principles of Respect*. New York: McGraw-Hill.
- Maslach, C., & Leiter, M. P. (2008). The meaning of employee engagement. *Industrial and Organizational Psychology*, 1, 3-30.
- Medlin, B., & Green, K. W. Jr. (2009). Enhancing performance through goal setting, engagement, and optimism. *Industrial Management & Data Systems*, 109(7), 943-956.
- Mone, E. M., & London, M. (2010). *Employee engagement through effective performance management: A practical guide for managers*. New York: Routledge.
- Paradise, A. (2008). Influences engagement. *Training and Development*, 62(1), 54-59.
- Prelow, H. M., Mosher, C. E., & Bowman, M. A. (2006). Perceived racial discrimination, social support, and psychological adjustment among black emerging adults. *Journal of Black Psychology*, 32, 442-454.
- Pulakos, E. D. (2009). *Performance management: A new approach for driving business results*. Malden, MA: Wiley-Blackwell.

- Pulakos, E. D., & O'Leary, R. S. (2011). Why is performance management broken? *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 4, 146-164.
- Pulakos, E. D., Mueller-Hanson, R. A., & O'Leary, R. S. (2008). Performance management in the United States. In A. Varma, P. S. Budhwawr, & A. DeNisi (Eds.), *Performance management systems: A global perspective* (pp. 97-114). New York: Routledge.
- Rich, B. L., LePine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of Management Journal*, 53(3), 617-635.
- Roe, R. A. (1999). Work performance: A multiple regulation perspective. In C. L. Cooper & I. T. Robertson (Eds.), *International review of industrial and organizational psychology* (Vol. 14, pp. 231-335). Chichester: Wiley.
- Rynes, S. L., Gerhart, B., & Parks, L. (2005). Personnel psychology: Performance evaluation and pay for performance. *Annual Review of Psychology*, 56, 571-600.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600-619.
- Salanova, M., Agut, S., & Peiro, J. M. (2005). Linking organizational resources and work engagement to employee performance and customer loyalty: The mediation of service climate. *Journal of Applied Psychology*, 90(6), 1217-1227
- Schaufeli, W. B. & Bakker, A. B. (2010). Defining and measuring work engagement: Bringing clarity to the concept. In A. B. Bakker & M. P. Leiter (Eds.), *Work engagement: A handbook of essential theory and research* (pp.10-24). Hove, East Sussex: Psychology Press.
- Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources, and their relationship with burnout and engagement: A multi-sample study. *Journal of Organizational Behavior*, 25, 293-315.
- Schaufeli, W. B., & Salanova, M. (2007). Work engagement: An emerging psychological concept and its implications for organizations. In S. W. Gilliland, D. D. Steiner, & D. P. Skarlicki (Eds.), *Managing social and ethical issues in organizations* (pp. 135-177). Greenwich, CT: Information Age Publishing.
- Schaufeli, W. B., Martinez, I., Pinto, A. M., Salanova, M., & Bakker, A. B. (2002). Burnout and engagement in university students: A cross national study. *Journal of Cross-Cultural Psychology*, 33, 468-481.

- Schaufeli, W. B., Salanova, M., Gonzalez-Roma, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A confirmative analytic approach. *Journal of Happiness Studies*, 3, 71-92.
- Spector, P. E. (1992). *Summated Rating Scale Construction*. Newbury Park, CA: Sage.
- Towers Perrin. Retrieved from www.towersperrin.com
- Towers Perrin-ISR (2006) *ISR Employment Engagement Report*.
- Wagner, R., & Harter, J. K. (2006). 12: The Elements of Great Managing. New York: Gallup Press.
- Warren, M. W. (1982). Performance management and management performance. In L. W. Frederikson (Ed.), *Handbook of Organizational Behavior Management* (pp. 539 – 64). New York: John Wiley.
- Watson Wyatt Worldwide (2004). Performance management programs earn failing grade. WorkUSA 2004: An Ongoing Study of Employee Attitudes and Opinions-PM Summary. Retrieved from: <http://www.watsonwyatt.com/us/pubs/insider/showarticle.asp?ArticleID=13243>
- Xanthopoulou, D., Bakker, A. B., Demerouti, E., & Schaufeli, W. B. (2009). Work engagement and financial returns: A diary study on the role of job and personal resources. *Journal of Occupational and Organizational Psychology*, 82, 183-200.
- Xanthopoulou, D., Bakker, A. B., Heuven, E., Demerouti, E., & Schaufeli, W. B. (2008). Working in the sky: A diary study on work engagement among flight attendants. *Journal of Occupational Health Psychology*, 13(4), 345-356.

Appendix

Survey Questions

Goal Setting:

I am clear on what is expected of me.

My manager solicits my input when making decisions that affect me.

I understand the core values [of this company].

I understand the most important goals for my department.

My department coordinates effectively with other departments to achieve goals.

Job Resources:

My manager helps me get the resources that I need to do a quality job.

I have opportunities for career development at [this company].

My manager supports my professional growth and development.

I have adequate training to do my job.

Recognition and Feedback:

My manager provides recognition when I exceed expectations.

My manager provides clear and timely feedback on my performance.

The focal review process is designed to fairly rate my actual performance.

My manager knows how I personally liked to be recognized.

My manager treats me with respect.

Employee Engagement:

I enjoy coming to work.

I would refer [this company] to a friend as a good place to work.

I am confident that [this company] is going in the right direction.

I am committed to the core values [of this company].

I expect to have a long career with [this company].

I am committed to [the company's] mission.

I am passionate about the work I do here.

I feel motivated to "go the extra mile" in my job.