Chapter 03 RESEARCH DESIGN AND METHODOLOGY

3.0 An Overview of the Chapter

Research methodology is a way to systematically solve the research problem. In it we study, the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. This Chapter focuses on the overall research plan and data collection procedures and techniques. Section 3.1 discusses the need and significance of the study. Section 3.2 presents the statement of the problem. The objectives are defined in section 3.3. Section 3.4 covers Research Design and Methods. Sections 3.5 describes the statistical tools used in the study. Section 3.6 and section 3.7 cover the variables studied and the description of variables. In section 3.8 sampling techniques are explained. Section 3.9 gives information on the data collection techniques followed by section 3.10 which describes the tools used for data collection. Section 3.11 presents the research Hypotheses. The last section of the chapter explains the findings of the pilot Survey.

3.1 Need and Significance of the Study

This research emphasises on a very important element of organizational growth i.e performance management. There is a definite need to fully evaluate the elements of performance management systems in order to determine their levels of success, as was articulated by Wimer and Nowack (1998). As organisations move into increasingly turbulent commercial environments, managers are finding survival of the business more difficult. They continually need to improve their performance, demonstrating consistently efficient and effective policies that result in good returns (or better) on shareholders’ investment. One strategy that many organisations have adopted in the attempt to improve commercial performance is a performance management system (PMS) aimed at increasing employees’ performances and,
thereby, the performance of the organisation. However, the actual impact of a PMS on employee’s involvement at affective, cognitive and physical level still remains to be studied.

This research aims at analysing performance management systems and its relationship with employee engagement in organizations from service industry.

In today’s changing business environment retaining skilled and talented employees is one of the major challenges faced by the Service industry in India. To cope with this challenge companies have developed innovative approaches to engage employees. However recent research suggests that though employees may be committed to their work they may not be truly engaged. This study on performance management and its relationship with employee engagement will aim to identify ways to effectively implement goal setting, performance feedback, mentoring and development opportunities for enhancing employee engagement in various types of organizations from the service industry.

Studying the existing performance management process and its relationship with employee engagement helps to bring forth the existing gaps in implementation of performance management. Further the findings of this research will help to identify training needs and development opportunities for employees in the organisations studied from the service industry and thereby suggest training programs.

3.2 Statement of the Problem

There is evidence to suggest performance management can be conceptualised as the overarching framework for guiding managers in their efforts to increase engagement in their organisations (Mone and London 2009). New research (Mone and London, 2009) based on a limited study (survey research in a global organisation) provides an
expanded view of performance management- defined as the interrelated processes, including, goal setting, feedback, recognition, coaching, development and learning and appraisal and although performance management is also an important area of focus today (eg. Pulakos 2009; Smither and London 2009b), this relationship between performance management and employee engagement has not been explicitly and fully explored elsewhere; however Gibbons (2006) does report that a managers decision and practices have a strong influence on employee engagement.

Results from research studies and corporate results have demonstrated that there may be a strong link between engagement, employee performance and business outcomes. This study explores the role of performance management system as an important tool for employee engagement and organizational growth.

3.3 Objectives of the Study

1. To analyse the existing practices of Performance Management in organizations from service industry.

2. To find out the present level of employee engagement and its relationship with Performance Management in organizations from the service industry with respect to:
   a) Goal setting,
   b) Performance feedback
   c) Mentoring
   d) And development opportunities

3. To identify training needs and development opportunities for employees in organizations from the Service Industry and thereby suggest training programs.
3.4 Research Design and Methods

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The present study is a Descriptive Research which includes surveys and fact finding enquiries of different kinds. The major purpose of the descriptive research is description of the state of affairs as it exists at present. In social sciences and business research quite often the term Ex post Facto Research is used for descriptive research studies. For the purpose of study both primary and secondary data are collected. Secondary data are collected with the help of literature survey on the various studies on Employee Engagement and Performance Management. Articles were found through the search facility of on-line journal databases such as Proquest, EBSCO Business Source Premier, Emerald Full text and ABI Inform. The review of literature also covered studies related to Performance Management in relation with Employee Engagement. Since reward are important tools for employees, studies covering reward strategies in relation with employee engagement and some miscellaneous studies were also covered in the literature survey. Hence the survey of existing literature was done in order to be aware of, and to build on, existing scholarship in the areas of (a) employee engagement (b) performance management and (c) Reward Strategies. Primary data are collected with the help of Questionnaires on Employee Engagement and Performance Management. The study is divided into 3 parts:

Part A- Analysing existing practices of Performance Management in organizations from the service industry.

Part B: Finding out the present level of employee engagement in organizations from the Service Industry and its relationship with performance management.
Part C- Identification of training needs and development opportunities for employees in organizations from the Service Industry and suggesting necessary training programs.

3.5 Statistical Tools used in the Study

Descriptive Statistics (Mean, SD) and Correlation Coefficient are used to find out the statistical significance in the three industries studied in order to establish the nature of relationship between Performance Management, and Employee Engagement.

3.6. Classification of Variables used in the Study

A. Independent Variable
   a. Performance Management System
      I. Goal Setting
      II. Performance Feedback
      III. Mentoring
      IV. Development opportunities

B. Dependent Variable
   b. Employee Engagement
      I. Vigor
      II. Dedication
      III. Absorption

3.7 Description of Variables

3.7.1 Goal Setting

Goal setting has been explored in terms of both, motivational impact toward improving performance (Locke, 1968; Latham and Yukl, 1975; Matsui et al.,
and as being integral part of Performance Management Systems or processes designed to improve performance (Zabacki, 1998; Odiorne, 1978; Muczyk and Reimmann, 1989; Ivancevich et al., 1978; Walton, 1986). Though fewer studies exist showing the nature of relationship between Employee Engagement and goal setting at the workplace, evidence certainly exists linking the concept to improvement in worker performance (Jensen et al., 2007; Dixon and Schertzer, 2005; Green et al., 2004; Chemers et al., 2000; Schulman, 1999; Sujan, 1999a, b; Rich, 1999; Scheier et al., 1994; Strutton and Lumpkin, 1993; Seligman and Schulman, 1986).

Numerous studies (Locke, 1968; Latham and Yukl, 1975; Matsui et al., 1987; Tubbs, 1986, 1993; Knight et al., 2001; Dweck et al., 1993; Sujan et al., 1994) have discussed effective goal setting’s positive impact on employee outcomes within organizations. Many management systems or processes, such as management by objectives, total quality management, and continuous improvement initiatives, feature goal setting as a critical element for success (Zabacki, 1998; Odiorne, 1978; Muczyk and Reimmann, 1989; Ivancevich et al., 1978; Walton, 1986). Given this, it should not be surprising that of Gallup’s Q12 survey instrument questions that are used to measure the level of employee engagement, four are related to the idea of goal setting (Buckingham and Coffman, 1999).

Goal setting is a critical component of performance management (Pulakos 2009). Research from Mone and London (2009) suggests that when managers and employees set goals collaboratively, employees become more engaged. Many
researchers have stressed on the effectiveness of stretch goals on personal growth and professional development of employees as well as improve organisational effectiveness (Kerr and Landouer 2004; Latham and Wexley 1994), however it is not clear if having stretch goals can increase engagement or leads to burnout (Maslach and Leiter 1997). Goal alignment and cascading of goals is seen as important area of organisational success (Labovitz and Rosansky 1997; Kaplan and Norton 1996). However communication about organisation strategy and the direction provided to the employees in achieving those goals lead to engagement.

3.7.2 Performance Feedback

Moorhead and Griffin (2002), Hackman and Oldham (1976), Gallop (2001) and Gratton (2000) all concur that open, honest feedback on job performance contributes significantly to employees’ perceptions of their worth and the meaning they derive from their jobs. For feedback to be perceived as meaningful, it should be closely related to agreed performance goals and expectations.

An important component of the performance management process is the effective use of feedback (London, 2003), and providing ongoing feedback to employees that helps improve performance is a key driver of employee engagement (Mone and London, 2009). Catteeuw et.al (2007) also highlight the connection between providing honest feedback – that helps ensure employee understand their performance strengths and areas of development- and greater employee engagement. Receiving feedback on performance is generally considered a positive motivating experience, especially in the context of constructive feedback (London, 2003; Smither and London, 2009a). What remains unclear, however is the exact relationship between constructive feedback and employee engagement.
3.7.3 Development Opportunities

DDI’s 2004 Selection Forecast study found that many employees leave their jobs for better growth and development opportunities, often offered by other organizations. Most employees want to keep their jobs fresh and interesting by learning new approaches and building new skills.

Development, in the context of performance management, is the accumulation and application of new knowledge and skills over time, including the capacity to view the world through a more informed inclusive perspective (Mone and London, 2009).

In the context of employee engagement, Mone and London (2009) demonstrated that when managers provide sufficient opportunities for training and support regarding career development efforts, they help foster employee development and drive employee engagement. Consider, also that opportunities for training and development can be incidental, informal, or formal (Marsick and Watkins, 1990), and it might be inferred that informal and incidental learning which lead to greater learning in the workplace (Rowden, 2002), can also enhance employee engagement. (Jacob et al. 2008). Mone and London (2009) also found that a direct predictor of employee engagement is the extent to which employees are satisfied with their opportunities for career progression and promotion, a finding supported by Seijts and Crim (2006) who suggest that employees will feel more engaged if managers provide challenging and meaningful work with opportunities for career development.

Organizations can create engagement in their workforce by building a learning culture and creating individual development plans for every employee.
The value of investing in a strong and diverse development program is clear. For example, studies have found that investments in development programs are significantly related to financial success in the organization.

### 3.7.4 Mentoring

An organization’s most important assets consist of the skills and abilities of its employees and their ability to apply these in the achievement of organizational goals (Soosay, 2005). Mentoring prevails as one of the most important developmental tools for the progression of any professional in training, and managers in organizations play a crucial role in developing employees (Coleman, Power, Williams, Carpentieri, and Schulkin, 2005). Hegstad (1999) reported that two thirds of the 1,250 top executives surveyed developed relationships with mentors who cultivated their personal and professional skills early in their careers. Any feedback that employees receive from their managers significantly impacts the employees’ job, career, and life satisfaction, including their performance in the workplace (Young and Perrewé, 2000). Various options are available to managers to yield improved job satisfaction in the workplace, such as coaching, advising, teaching, counseling, guiding, and training. Each option is a characteristic of mentoring (Dodds, 2005).

Since the late 1970s, interest in mentoring in the workplace has steadily increased. When mentoring was first brought into the spotlight, it was predominantly engaged in by men in management for the purposes of succession planning and career development (Russell and Adams, 1997). As women and minorities began entering the workforce in record numbers, the picture began to change.
As the workforce composition becomes more diversified, organizations need to focus on ways to develop all of their employees and help them advance. Since the Office of Federal Contract concluded that organizational barriers, including lack of mentoring, impede women and minorities from obtaining upper management positions, they have become central targets for mentorships in organizations. (Russell and Adams, 1997)

Mentoring programs for people with disabilities and the unemployed (Overell, 1996) have also been pioneered. Many of the top-ranking Northern American businesses now include mentoring as an important component of their organizational culture.

In a recent ranking of the top 100 U.S. organizations that excel in human capital development [it was found that] seventy-seven per cent of the companies in the top 100 have formal mentoring programs. Not surprising when considering that mentoring significantly contributes to career development, retention and leadership succession. (Training Magazine, 2003) As the U.S. labor force becomes increasingly diverse and the multinational nature of corporations expands, research documenting the changing nature of mentoring relationships becomes more critical (Eby, 1997; Ragins, 1997). “It will be important to understand the factors in these new organizations which facilitate or inhibit the formation and effectiveness of mentoring relationships” (Russell and Adams, 1997). The need to build supportive alliances, such as those experienced in mentoring relationships, may increase for those who are working in stressful and uncertain circumstances. The possibility that the motivation to form mentoring alliances may increase during times of distress is encouraging, given the
significant challenges posed by rapid technological change, increasing global competition, restructuring, and downsizing (Kram and Hall, 1989).

Figure: 6 Mentoring Relationships

Miriam Grace-Rowland (2008) in her qualitative research studied the experience of those in mentoring relationships within a formal mentoring program in a specific corporate context. In the mentoring program that was considered in this study, the organizational managers of the mentor and mentee were invited to attend mentoring training classes where they were instructed in the business value of mentoring and the potential time commitment required of mentoring. As time management of employee resources is a major responsibility of supervisors in the business environment, the positioning of the manager relative to the resource investment by either the mentor or mentee in the mentoring relationship is a dynamic that is potentially critical to mentoring outcomes. As well, an understanding, or lack of understanding, of the potential benefits of mentoring
relationships to the organization and the corporation by organizational management may be a factor in the mentoring experience. The manager must agree to allow his or her employee(s) to participate in mentoring and to support the time commitment. As well, employees use formal instruments to map out their career and/or personal development goals that they use in their performance reviews with their managers. The goals they set within the context of their mentoring relationship often correspond to what they include in their personal development plans. The performance evaluation, the main instrument for employee performance appraisal, includes a section on leadership attributes where mentoring experiences are sometimes documented as evidence of the employee’s pursuit of or demonstration of leadership.

For all these reasons, the triadic relationship between the mentor, the mentee, and their respective managers may be an important element in the research of mentoring relationships in the business domain.

The mentoring relationship, when formalized through corporate mentoring program structures, extends the traditional dyadic form of mentor and mentee relationship to include managers. The purpose of the study was to understand the dimensions of mentoring relationships in the workplace and to deliberately include the perspectives of the organizational managers in the analysis. This triadic relationship and its influence on the mentoring experiences of participants have remained largely unexplored in the research literature.
3.7.5 Employee Engagement

Kahn (1990) has defined personal engagement as the harnessing of organization members’ selves to their work roles; it means to be psychologically present when occupying and performing an organizational role.

Frank et al. (2004) define engagement as the amount of discretionary effort exhibited by employees in their jobs.

Gallup Research Group defines employee engagement as the individual’s involvement and satisfaction with as well as enthusiasm for work (Harter et al. 2002). Gallup researchers use the term ‘committed employees’ as a synonym for engaged employees (Fleming et al. 2005). Some other researchers interpret the Gallup Engagement Index as measuring how each individual employee connects with the company and the customers (Lucey et al. 2005).

DDI, another Human Resources (HR) consulting firm, defines engagement as the extent to which people value, enjoy and believe in what they do. DDI also states that its measure of engagement is similar to employee satisfaction and loyalty (DDI 2005).

Schaufeli et al. (2002) define engagement as a positive, fulfilling, work-related state of mind that is characterized by vigour, dedication and absorption.

3.8 Sampling Techniques

Purposive Sampling Technique: purposive sampling is also called as judgmental sampling. These terms indicate selection by design – by choice not by chance. In purposive sampling a sample is chosen which is thought to be typical of the universe with regard to the characteristics under investigation. The researcher must know about
the characteristics of the universe beforehand in order to be able to recognise typical items in the universe.

In the present study, researcher has considered completed responses of 200 respondents in each industry. The various industries studied are:

Financial Services Industry: 353 Questionnaires were distributed and completed responses of 200 respondents are considered

IT Industry: 247 Questionnaires were distributed and completed responses of 200 respondents are considered

Hospitality Industry: 263 Questionnaires were distributed and completed responses of 200 respondents are considered

3.9 Statistical Analysis and Scaling Techniques

In this Study Parametric Statistical Analysis is used as the data confirm to Interval Scale. Also the data are assumed to be normally distributed or nearly normally distributed. The Scores were analysed using SPSS 17 package. Mean and SD values are also calculated for the demographic variables. The values of Mean and SD are obtained on the 2 variables. Further Mean and SD values are also obtained on the elements of EE, and PMS. Karl Pearson’s Coefficient of Correlation is used to study the amount of correlation or association between PMS and EE and the elements of PMS and EE.

3.10 Data Collection Techniques

The word technique refers to the specific tools that are used in a given method of data collection. The techniques of data collection used for the present study include Questionnaires, and Experience Survey using interview schedule.
3.11 Description of Tools used for Data Collection

The tools used for data collection in the present study are:

3.11.1 Utrecht Work Engagement Scale (UWES)

Work engagement was measured by means of the UWES-9 (Schaufeli and Bakker, 2003), which investigates the experience on aspects of the construct by means of three item scales: Vigor (VI), Dedication (DE), and Absorption (AB). Responses to items are given on a rating scale varying from 0 (never) to 6 (always).

Vigor refers to high level of energy and resilience, the willingness to invest effort, not being easily fatigued, and persistent in the face of difficulties. Those who score high on vigor usually have much energy, zest and stamina when working, whereas those who score low on vigor have less energy, zest and stamina as far as their work is concerned.

Dedication refers to deriving a sense of significance from one’s work, feeling enthusiastic and proud about one’s job, and feeling inspired and challenged by it. Those who score high on dedication strongly identify with their work because it is experienced as meaningful, inspiring, and challenging. Besides, they usually feel enthusiastic and proud about their work.

Absorption refers to being totally and happily immersed in one’s work and having difficulties detaching oneself from it so that times passes quickly and one forgets everything else that is around. Those who score high on absorption feel that they usually are happily engrossed in their work, they feel immersed by their work and have difficulties detaching from it because it carries them away. As a consequence, everything else around is forgotten and time seems to fly.
The EE scale consisted of 9 items of which the item numbers 1, 5 and 2 measured Vigor, item numbers 3, 4 and 7 measured Dedication and item numbers 6, 8 and 9 measured absorption where the highest score is 54 and for each three items the maximum score is 18.

Originally, the UWES included 24 items of which the vigor-items (9) and the dedication-items (8) for a large part consisted of positively rephrased MBI-items. After psychometric evaluation in two different samples of employees and students, 7 items appeared to be unsound and were therefore eliminated so that 17 items remained: 6 vigor items, 5 dedication items, and 6 absorption items (Schaufeli, Salanova, González-Romá and Bakker, 2002a). Subsequent psychometric analyses uncovered two other weak items (AB06 en VI06), so that in some studies also a 15-item version of the UWES has been used (e.g., Demerouti, Bakker, Janssen and Schaufeli, 2001).

In order to shorten the scales of the UWES to three items maximum, an iterative process has been carried out, whereby each sample was analysed separately. First, of each scale the most characteristic item was selected on face value. Next, this item was regressed on the remaining items of the particular scale. The item with the highest $\beta$-value in most samples was then added to the initial item. In the next step, the sum or these two items was regressed on the remaining items of the scale, and again the item with the highest $\beta$-value in most samples was added to both items that were previously selected. These three items constitute the final shortened version of that scale. As most characteristic item for vigor was selected: 'At my work, I feel bursting with energy’ (VI01). This item was supplemented in the next two steps by 'At my job, I feel strong and vigorous’
When I get up in the morning, I feel like going to work’ (VI03), respectively. The values of Cronbach'sa vary from .75 to .91 (median: .84) across the 25 studies. Correlations with the longer 5-item and 6-item versions vary between .95 and .97 (median: .96), and .93 and .96 (median: .96), respectively.

As most characteristic item for dedication was selected: ‘I am enthusiastic about my job’ (DE02). This item was supplemented by ‘I am proud on the work that I do’ (DE04), and ‘My job inspires me’ (DE03), respectively. The values of Cronbach'sa vary from 83 to .93 (median: .89) across all studies. Correlations with the longer, 5-item version vary from .92 to .96 (median: .94). As most characteristic item for absorption was selected: ‘I am immersed in my work’ (AB04). This item was supplemented by ‘I get carried away when I’m working’ (AB05), and ‘I feel happy when I am working intensely’ (AB03), respectively. The values of Cronbach'sa vary from .75 to .94 (median: .79). Correlations with the longer, 5-item and 6-item versions vary between .92 and .96 (median: .95), and .88 and .94 (median: .92), respectively. Cronbach's a of the instrument including all 9 items varies from .89 to .97 (median: .93).

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<th>Table 1: Cronbach's Alpha of the UWES-scales</th>
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<td>Vigor</td>
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Note. * The dedication scales of the UWES-15 and UWES-17 are identical.
The EE scale consisted of 9 items of which the item numbers 1, 2 and 5 measured Vigor, item numbers 3, 4 and 7 measured Dedication and item numbers 6, 8 and 9 measured absorption where the maximum score of all items is 54 and for each three items the maximum score is 18. (Appendix I).

3.11.2 Performance Management Scale (Own Construct)

The Performance Management Scale developed by the researcher originally consisted of 30 items which covered the four parameters of Goal Setting, Performance Feedback, Mentoring and Development Opportunities. The Scale was modified after the Pilot Survey and 20 items were selected for the Main Study. (Appendix II)

The PMS questionnaire, obtained responses on a scale of 1-5 where 1 is for strongly disagree and 5 is for strongly agree. It consisted of 20 items in which 6 items are for goal setting where maximum score is 30. Next 5 items are on Performance Feedback with the maximum score of 25. Mentoring consist of 6 items with the maximum score of 30 and Development Opportunities consist of 3 items with the maximum score of 15.
3.11.3 Experience Survey

Experience Survey is conducted using unstructured interview schedule to collect data from Head HR on Performance Management Practices followed in organisations studied from service industry (Appendix III).

3.12 Hypotheses of the Study

A Hypothesis is a proposition- A tentative assumption which the researcher wants to test for the logical or empirical consequences. Working Hypothesis are most useful when stated in precise and clearly defined terms.

The Hypotheses for the present study are stated below:

1. \( H_{01} \): There is no significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Goal Setting.

   \( H_{a1} \): There is a significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Goal Setting.

2. \( H_{02} \): There is no significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Performance Feedback.

   \( H_{a2} \): There is a significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Performance Feedback.
3. \textbf{H}_{03}: There is no significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Mentoring.

\textbf{H}_{a3}: There is a significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Mentoring.

4. \textbf{H}_{04}: There is no significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Development opportunities.

\textbf{H}_{a4}: There is a significant relationship between the level of Employee Engagement and Performance Management System in organizations from the service industry with respect to Development opportunities.

\textbf{3.13 Pilot Study}

Keeping in mind that it is “a serious mistake to rush into detailed surveys before less expensive and more readily available sources of information have been exhausted,” in the initial stage, a Pilot Study was undertaken.

The salient features of the pilot study are listed below:

a) Researcher designed the Performance Management Scale and in order to validate the scale a pilot study was conducted where 30 items were originally selected by reviewing the secondary data.

b) Survey conducted amongst 20 employees in 2 financial services company.

c) The methodology adopted was administration of Performance Management scale with the help of convenience sampling.
d) Based on the results of the item test correlation 10 items which had correlation of less than 0.43 were discarded. After the pilot test on 20 respondents the number of items were reduced to 20.

**Graph 1: Correlation of PMS Elements for Pilot Study**

![Correlation of PMS Elements for Pilot Study](image)

### 3.14 Conclusion

This chapter gives a clear understanding on the research methodology adopted for this research study. It explicates the process and the approach followed by the researcher in this research work.