Promoting Employee Engagement Through Enhanced Performance Management: A Field Study of Accountants

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UNIVERSITY OF DALLAS
Satish & Yasmin Gupta College of Business

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PROMOTING EMPLOYEE ENGAGEMENT THROUGH
ENHANCED PERFORMANCE MANAGEMENT:
A FIELD STUDY OF ACCOUNTANTS

by

ENOCH KUSI ASARE

Presented to the Satish and Yasmin Gupta College of Business
The University of Dallas in Partial Fulfillment
of the Requirements
for the Degree of

DOCTOR OF BUSINESS ADMINISTRATION

THE UNIVERSITY OF DALLAS
February 2018
I would like to acknowledge my dissertation committee for their selflessness and dedication in reviewing my work and providing me with constructive feedback. Their guidance and encouragement kept me focused on completing this dissertation. My committee chair, Dr. J. Lee Whittington, took my dissertation as his own and provided me with extensive comments and suggestions on ways to improve upon my writing. J. Lee continues to be a mentor and father to me and I really appreciate his efforts. I would also like to acknowledge my committee member, Dr. Robert Walsh, for guiding me to view the dissertation from the perspective of an accountant. Rob helped me to successfully incorporate the accounting literature into the dissertation. Additionally, I would like to acknowledge my committee member, Dr. Tim Galpin, for guiding me to view the dissertation from the perspective of a consultant. With Tim’s guidance, I could see the practical and industrial implications of the dissertation. Further, I acknowledge my bosses at Vistra Energy—Christy Dobry, Terry Nutt, and Ramon Leal—for approving my doctoral tuition reimbursements. Lastly, I would like to acknowledge the help and encouragement of my brother, Samuel Yaw Kusi, during my doctoral journey. Samuel helped me review my doctoral work and guided me on how to better structure my arguments.

GOD BLESS YOU ALL
DEDICATION

This dissertation culminates work borne out of sleepless nights, time away from family, and countless hours of perseverance and fortitude. This work would not have been possible without the support of my wife—Charity Frimpong—and my kids—Afia, Kwabena, and Abena Ayaw. The support, love, and understanding of Charity, Afia, Kwabena, and Abena gave me the courage to keep up with the pressures of the Doctor of Business Administration (DBA) program. I dedicate this dissertation to Charity, Afia, Kwabena, and Abena. Additionally, I dedicate this work to my beloved mother—Janet Ayaw—who never lived to see this day. Through the prayers, corrective, and constructive actions of my mother, I received good guidance and counselling in my childhood years. These guidance and counselling continue to straighten my path in my adulthood years. Lastly, I dedicate this work to my father—Yaw Kusi—for supporting my education.

ABSTRACT

Accounting work is characterized by high job demands, tight-deadlines, and job-rotational career paths. At the task level, the work of an accountant may be routine, even mundane, yet the stringency of reporting standards leaves little room for variety, task revision, job crafting, or other expressions of autonomy that are available in other jobs. These attributes of accounting work make accounting work more susceptible to employee disengagement (lack of full presence at work). Yet, performance outcome expectancies require accountants to be engaged (fully present at work). Although there is a great deal of research on employee engagement in general, there is a scarcity of research that investigates the engagement levels of accountants and the impact of engagement
levels on performance. The present research proposes and empirically tests enhanced performance management practices as the solution to the disengagement of accountants.

PROMOTING EMPLOYEE ENGAGEMENT THROUGH
ENHANCED PERFORMANCE MANAGEMENT:
A FIELD STUDY OF ACCOUNTANTS

Enoch Kusi Asare, DBA.

The University of Dallas, 2018

Supervising Professor: J. Lee Whittington, PHD
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CHAPTER 1
STATEMENT OF THE PROBLEM

1.1 Background of Employee Engagement

Employee engagement remains a global concern for organizational leaders. The Gallup organization has consistently reported that only one in three employees across the globe is engaged (Harter, 2015). The estimated cost of the low levels of employee engagement—i.e., disengagement—is between 450 and 550 billion dollars a year (Whittington, Meskelis, Asare, & Beldona, 2017). Besides the financial costs of employee disengagement to organizations, it has been associated with various negative employee outcomes (Asare, Meskelis, Whittington, & Galpin, 2017). Some negative employee outcomes that have been associated with employee disengagement are: job dissatisfaction, high levels of absenteeism, low organizational commitment, and high levels of intention to quit the organization (Gupta & Kumar, 2013; Macey, Schneider, Barbera, & Young, 2009; Mone & London, 2009). Conversely, high levels of employee engagement have been positively linked with employee job satisfaction, organizational commitment, low absenteeism, low turnover intentions, and high levels of organizational citizenship behaviors (Agarwal, 2014; Gruman & Saks, 2011; Saks, 2006).

Accountants are no exception to these low levels of employee engagement and associated negative work outcomes (Fogarty, Singh, Rhoads, & Moore, 2000; Rhode, Sorensen, & Lawler III, 1977; Roth & Roth, 1995). Accountants are among the top 10% of disengaged employees in the United States (Collins & Killough, 1992; Fogarty et al., 2000; Haskins, Baglioni, & Cooper,
1990). Disengagement among accountants is evident in public accounting, auditing, and managerial accounting (Figler, 1980; Kusel & Deyoub, 1983; Sanders, 1998). Along with these high levels of disengagement among accountants come negative work outcomes (Fogarty et al., 2000). Roth and Roth (1995) report that turnover associated with disengagement of accountants cost organizations between four to eight thousand dollars per employee in rehiring costs. In addition to these financial costs, disengagement among accountants has been positively linked with job dissatisfaction, low organizational commitment, and low organizational citizenship behaviors (Burney & Widener, 2013; Roth & Roth, 1995; Twiname, Samujh, & Lamoen, 2012).

Given the consequences of employee engagement to organizations, it has attracted the attention of organizational scholars and practitioners. Organizational scholars and practitioners have proposed various human resource (HR) initiatives, ranging from individual to organizational level approaches as solutions to the low levels of employee engagement (Rich, Lepine, & Crawford, 2010; Schaufeli & Salanova, 2008; Whittington et al., 2017). Kahn (1990) conceptualizes engagement as a state in which employees perform tasks with their physical, mental, and emotional presence. At the individual level, Kahn (1990) proposes that three conditions enhance employee engagement: psychological meaningfulness, safety, and availability. Psychological meaningfulness promotes employee engagement to the extent that employees find value and meaning in their work. Psychological safety promotes engagement when employees can freely express themselves during task performance without fear of victimization. Lastly, psychological availability promotes engagement when employees perceive that they possess the efficacy to perform assigned tasks.
Building on Kahn’s work, Rich et al. (2010) propose that employees are engaged when three conditions are met: value congruence, perceived organizational support, and core self-evaluations. Value congruence promotes employee engagement when employees find a fit between their personal values and the organization’s values. Perceived organizational support promotes employee engagement when employees perceive support in the form of feedback and communication loops that incorporate themselves, their co-workers, and their managers. In addition to value congruence and organizational support, employees experience engagement when they make positive self-evaluations about their abilities to perform assigned tasks.

Although individual level approaches to promoting employee engagement are important, the organization’s practices are also critical in promoting employee engagement (Asare et al., 2017; Mone & London, 2009; Whittington & Galpin, 2010). Two organizational level practices that promote employee engagement are the human resource (HR) value chain (Figure 1.1) (HRVC: Whittington & Galpin, 2010) and the performance management system (Asare et al., 2017; Mone & London, 2009). The HR value chain promotes employee engagement by carefully recruiting employees, socializing them into the organization, developing their talents, and departing from them in a fair and transparent manner during performance terminations (Whittington & Galpin, 2010). Whittington et al. (2017) found evidence that the HR value chain promotes employee engagement.
In addition to the HR value chain, Whittington et al. (2017) also report a significant, positive relationship between the performance management system and employee engagement. Mone & London (2009) and Mone, Guggenheim, Price, & Stine (2011) confirm Wittington et al.’s (2017) results in a path analysis conducted to explore the relationship between the performance management system and employee engagement. The performance management process promotes employee engagement when an employee’s manager effectively sets the employee’s goals, provides the employee with performance feedback, fairly evaluates the employee’s performance, and equitably rewards the employee. Effective goal setting entails setting clear, specific, difficult goals for employees, based on the organization’s strategic goals (Cascio, 2006; Latham & Locke, 2013a; Latham & Wexley, 1994). Fair performance evaluation is concerned with evaluating employees’ performance based on their performance goals (Folger, Konovsky, & Cropanzano, 1992; Gupta & Kumar, 2013; Taylor, Tracy, Renard, Harrison, & Carroll, 1995). Equitably rewarding employees entails distributing rewards based upon how well
employees attain their performance goals (Colquitt et al., 2013; Greenberg, 1990; Piyali, Rai, & Sinha, 2014).

Although Whittington et al. (2017) have established a positive association between the performance management process and employee engagement, the performance management-engagement connection needs to be further explored. This is because contemporary performance management systems do not adequately integrate the various phases of the performance management process to engage employees. For example, the Aguinis (2013) performance management model, a well-referenced performance management model, does not integrate rewards with the performance management process. The literature suggests that appropriately rewarding employees when they attain a goal is a management practice that can potentially motivate employees to be engaged (Gruman & Saks, 2011; Presslee, Vance, & Webb, 2013; Whittington & Galpin, 2010). Another aspect of the performance management process that has not been fully integrated into contemporary performance management models is the provision of ongoing, performance feedback to employees (see Aguinis, 2013; Pulakos, 2009; Whittington et al., 2017). According to Latham and Wexley (1994), providing employees with ongoing, expectations-based performance feedback during task performance results in high performance, which Whittington et al. (2017) report promotes employee engagement.
1.2 Employee Engagement and Accounting Practice

In addition to employees themselves and their organization’s HR value chain and performance management systems, the attributes of the tasks that employees perform influence their levels of engagement. Research shows that tasks that provide employees with skill variety and autonomy trigger psychological states that allow employees to drive energies into their work and to be engaged (Gruman & Saks, 2011; Kahn, 1990; Rich et al., 2010). Conversely, tasks that provide employees with less work autonomy and skill variety are susceptible to work disengagement (Gruman & Saks, 2011; Saks, 2006). In addition to skill variety and work autonomy, tasks that are too complex, intense, demanding, and require extreme focus (diligence) on the part of employees are susceptible to employee disengagement (Fogarty et al., 2000; Gruman & Saks, 2011; Leiter & Maslach, 1998). Accounting work is an example of such tasks (Fogarty et al., 2000; Maslach, 1982).

Accounting work is characterized by high job demands, tight-deadlines, and job-rotational career paths (Cluskey & Vaux, 1997; Fogarty et al., 2000; Maslach, 1982). High job demands entail the requirement of accountants to record transactions, interpret the transactions, and report the impacts of the transactions to their organization’s financial statements (Braun & Rodriguez, 2008; Cluskey & Vaux, 1997). In public accounting practice, accountants are expected to quickly learn industry practices along with applicable accounting standards and Internal Revenue Service (IRS) codes of multiple clients to remain relevant in their organizations (Rhode et al., 1977). Tight-deadlines are concerned with the fact that financial reporting is based upon period-end reporting processes in which accountants only have few days to complete (Cluskey & Vaux, 1997). In heavy seasons, auditors and tax accountants have short windows to complete client audits and tax returns.
(Fogarty et al., 2000; Rhode et al., 1977). Accountants’ job-rotational career paths entail rotating accountants on several tasks over short time periods, leaving them with little time to read and decipher stringent, complex, and constantly-changing financial reporting standards (Burchell, Clubb, Hopwood, Hughes, & Nahapiet, 1980; Cluskey & Vaux, 1997; Rhode et al., 1977). These attributes of accounting work make it difficult for accountants to experience much autonomy and task variety. Further, accountants are always on the go and have little time to re-design their tasks to incorporate more variety to make their work less mundane. The stringency of the financial reporting standards that accountants must follow during task performance also provides accountants with less autonomy. These attributes of accounting work therefore make it more susceptible to employee disengagement.

It is not surprising that accountants are classified among the group of professionals who are emotionally and psychologically disconnected from their work (Fogarty et al., 2000; Maslach, 1982; Miller, Springen, Murr, & Cohen, 1988). Studies conducted among public accountants, management accountants, and auditors report that accountants exert low energies into their work, lack work meaningfulness, and are disconnected from their work (Fogarty et al., 2000; Leiter & Maslach, 1998). Low exertion of energy into work, lack of work meaningfulness, and disconnection from work have been positively linked with negative work outcomes (Fogarty et al., 2000; Kahn, 1990; Rich et al., 2010).

Although accounting work is susceptible to employee disengagement, it demands accountants to be engaged. The ultimate goal of accounting is to report credible and reliable financial information to the management, investors, and other stakeholders of an organization (Chen, Chin, Wang, & Yao, 2015; Cheng, Liao, & Zhang, 2013; Hope, Thomas, & Vyas, 2013).
Consequently, accountants are required to be meticulous, diligent, and detail-oriented when performing their tasks (Parker & Kohlmeyer, 2005; Parker, Nouri, & Hayes, 2011; Smith & Hall, 2008). The nature of accounting work therefore requires accountants to be physically, emotionally, and psychologically present at work (Fogarty et al., 2000; Maslach, 1982). Being physically, emotionally, and psychologically present at work means accountants must be energetic and approach their work with vigor to allow them to remain focused and pay close attention to details (Fogarty et al., 2000; Rich et al., 2010; Schaufeli & Salanova, 2008). This makes the issue of low employee engagement very critical to the accounting literature and profession.

Nonetheless, there is scarcity of research that investigates the engagement (disengagement) levels of accountants to understand how that positively (negatively) impact their work. This is because accounting scholars attribute the negative work outcomes of accountants to role stress and burnout and address them as such. For instance, the management accounting and behavioral accounting literature argue that the implementation of strategic performance measurement systems minimizes negative work outcomes by reducing role stress (Burney, Henle, & Widener, 2009; Smith & Hall, 2008). Fogarty et al. (2000) argue that minimizing burnout among accountants through reduced workloads improves the job satisfaction, work performance, and turnover intentions of accountants. From a study of 188 management accountants, Cluskey and Vaux (1997) report that improving the job fit between accountants and their work reduces accountants’ role stress, job dissatisfaction, low self-esteem, and turnover intentions. Fogarty et al. (2002) report that burnout mediates the relationship between role stress and accountants’ negative work outcomes—i.e., dissatisfaction, low organizational commitment, and high turnover intentions. Figure 1.2 below summarizes this relationship.
Given the psychological and emotional disconnection of accountants from their work, this paper attributes the negative work outcomes of accountants to low levels of engagement. Accordingly, this paper proposes the organizational practices that promote employee engagement as the solution to the negative work outcomes of accountants. This proposition is supported by recent studies that show that enhancing employee engagement allows employees to exert energies into their work and minimizes disengagement (Agarwal, 2014; Asare et al., 2017; Whittington et al., 2017). Moreover, empirical research shows that high levels of work engagement is positively associated with high levels of job satisfaction, organizational commitment, organizational citizenship behaviors, low intentions to quit, and high levels of task performance (Agarwal, 2014; Gupta & Kumar, 2013; Whittington et al., 2017).
1.3 Employee Engagement and Accounting Practice

The overall goal of this research is to develop and test an enhanced performance management framework as a tool for promoting the engagement of accountants. This enhanced framework improves upon contemporary performance management models by integrating performance planning, implementation, evaluations, and consequences in a unifying framework. Additionally, the enhanced performance management framework clearly illustrates how organizational level strategic goals are linked to individual employee level goals. In practice, such a framework will serve as a guide for managers to complement organizational level HR policies with individual (managerial and employee) level attitudes and behaviors to promote the engagement of accountants. The following research questions (RQs) will be answered in the study:

RQ1: How do organizational level practices influence the engagement of accountants?

RQ2: What managerial behaviors influence the engagement of accountants?

RQ3: How do organizational level practices and managerial behaviors work together to promote the engagement of accountants?

The research questions will be addressed in four stages. First, the literature on employee engagement, performance management systems, organizational outcomes associated with employee engagement, and factors that impact the performance management-engagement connection will be reviewed. In the literature review, the various approaches that have been suggested as solutions to low levels of employee engagement will be discussed. The theoretical underpinnings of contemporary performance management systems—i.e., goal setting theory (Latham & Locke, 1990a, 2013a)—will also be reviewed. Next, the literature on two organizational outcomes (job satisfaction and affective commitment) will be reviewed to identify
the relationship between performance management systems, employee engagement, and organizational outcomes. The literature review will end with a discussion of trust in the leader and managerial contingent reward behaviors to identify the impact of these attitudes and behaviors on the relationship between performance management and engagement.

Second, four hypotheses will be developed based upon the literature review to replicate some of the work of Whittington et al. (2017) in accounting settings. The first hypothesis will explore the relationship between performance management systems and the engagement of accountants. The second hypothesis will explore the mediating role of engagement in the relationship between performance management and the two organizational outcomes. The third and fourth hypotheses will respectively explore the moderating impacts of trust in the leader and managerial contingent reward behaviors in the performance management-engagement relationship.

The third phase of addressing the research questions will entail conducting a field study among accountants to investigate the four hypotheses. In the field study, certified public accountants (CPAs) and non-CPAs in an energy company located in the southern United States will be investigated. More specifically, accountants who work in the controller organization, planning and analysis group, and other areas of the company will participate in the field study.

Testing the data collected from the field study will entail the fourth stage of addressing the research questions. The relationship between performance management, employee engagement, job satisfaction, affective commitment, trust in the leader, and managerial contingent reward behaviors will be tested in a three-step mediation-moderation regression analysis. First, the performance management-engagement connection will be tested. Second, the mediating role of
engagement in the relationship between performance management and organizational outcomes—i.e., job satisfaction and affective commitment—will be tested. Finally, the moderating roles of trust in the leader and managerial contingent reward behaviors will be tested.

This research expects to obtain a deeper understanding of the performance management-engagement connection, associated employee outcomes, and factors that enhance the performance management-engagement relationship. Figure 1.3 illustrates the relationships being investigated in this research.

![Diagram](image)

*Figure 1.3.* The interaction of employee and leadership attitudes and behaviors in determining employee outcomes from the enhanced performance management model.
CHAPTER 2
THE PERFORMANCE MANAGEMENT-ENGAGEMENT CONNECTION

2.1 The Concept of Engagement

Employee engagement has become a major challenge for managers across the world as Gallup continues to report that about 30% of employees are engaged in their work (Asare et al., 2017; Whittington et al., 2017). The low levels of employee engagement are drawing increasing attention among both academics and practitioners as they realize the importance of engagement in promoting positive organizational outcomes. Some positive organizational outcomes associated with high levels of employee engagement are job satisfaction, affective commitment, and organizational citizenship behaviors (Gruman & Saks, 2011; Whittington & Galpin, 2010). On the contrary, job dissatisfaction, high absenteeism, and turnover intentions are some negative organizational outcomes associated with low levels of engagement—i.e., disengagement—(Agarwal, 2014; Gupta & Kumar, 2013; Whittington & Galpin, 2010).

The concept of employee engagement was initially conceived by Kahn (1990) as the “harnessing of organizational members’ selves to their work roles; in engagement, people employ themselves physically, cognitively, and emotionally during role performances” (Kahn, 1990, p. 694). According to Kahn (1990), engagement is a state that varies in response to job characteristics, task demands, and organizational practices. Engagement encompasses both employee attitudes and behaviors during particular moments of task performance (Kahn, 1990, 1992). The attitudinal component represents the personal energies people bring to their roles (Kahn, 1990, 1992; Rich et al., 2010). The attitudinal component also includes the degree to which employees feel they can
express themselves in their jobs. The behavioral component involves the level of vigor employees bring to performing their tasks (Kahn, 1990, 1992; Rich et al., 2010).

According to Kahn (1990), employees employ and express themselves in task performance in three dimensions—physical, psychological, and emotional. The physical dimension is the physical presence of employees at work (Kahn, 1990, 1992). Employees are engaged when they are physically involved in their tasks (Barnes, Lucianetti, Bhave, & Christian, 2014; Rich et al., 2010). The psychological dimension entails the cognitive or mental state of employees during task performance (Kahn, 1990, 1992). Employees are psychologically engaged when they are cognitively vigilant, focused and attentive (Barnes et al., 2014; Rich et al., 2010). The emotional dimension involves how employees express their feelings during moments of task performance (Kahn, 1990, 1992). Employees are emotionally engaged when they have emotional connections with their work and others during task performance (Barnes et al., 2014; Rich et al., 2010). In sum, people express personal engagement when they bring their whole selves to their work (Whittington et al., 2017).

Engagement is conceived of as a state (Rich et al., 2010); however, the level of engagement may vary along a continuum (Kahn, 1990), with disengagement and engagement at opposite ends. Disengagement occurs when employees withdraw their physical, cognitive, and emotional energies from work (Kahn, 1990, 1992; Schaufeli & Salanova, 2008). Kahn (1990) defines disengagement as the uncoupling of employees from their work roles. This uncoupling may take many forms, ranging from psychological withdrawal to physical withdrawal or negative and destructive behaviors (Rich et al., 2010; Schaufeli & Salanova, 2008; Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). In addition to their withdrawals, disengaged employees defend
themselves in their work roles (Gruman & Saks, 2011; Kahn, 1992; Schaufeli & Salanova, 2008). Self-defense occurs when employees hide their identities, thoughts, feelings, and personal connections during states of task performance (Schaufeli et al., 2002). Disengaged employees perform their work roles by sticking to job requirements without being innovative or questioning the status quo to improve upon the traditional ways of doing things (Kahn, 1990; Rich et al., 2010; Schaufeli & Salanova, 2007).

Kahn (1990) identified three psychological conditions that drive an individual’s moments of engagement and disengagement: psychological meaningfulness, safety, and availability. When all the three psychological conditions are met, the individual is engaged. Conversely, when all the three psychological conditions are not met, the individual is disengaged (Kahn, 1990). Enhancing engagement therefore depends on how well the three psychological conditions are created or enhanced (Kahn, 1990; Saks, 2006).

Psychological meaningfulness refers to an employee’s belief about the relevance in bringing him or herself to work (Kahn, 1990, 1992). Meaningfulness encompasses perceiving positive meaning in work and sensing that the work makes a positive contribution to some greater good (Whittington et al., 2017). Psychological safety refers to how safe a person perceives it to be to bring him or herself to perform a role, without fear of losing his or her self-image, status, or career (Gruman & Saks, 2011; Whittington & Galpin, 2010; Whittington et al., 2017). Employees experience psychological safety when they feel they can employ and express themselves in a role without negative repercussions (Kahn, 1990; Saks, 2006). Psychological availability is an employee’s belief that he or she is ready to invest personal energies into role performance (May, Gilson, & Harter, 2004; Rich et al., 2010). An employee’s psychological availability is based upon
the core self-evaluations of his or her confidence to exert energy into his or her work (Gruman & Saks, 2011; May et al., 2004).

### 2.1.1 Enhancers of employee engagement.

Kahn’s (1990) framework of engagement describes what entails employee engagement—i.e., employing and expressing one’s self physically, psychologically, and emotionally during moments of role performance. The Kahn (1990) framework also detailed three psychological conditions that must be met for employees to be fully engaged—i.e., psychological meaningfulness, safety, and availability. The framework, however, did not empirically test the relationships between the three psychological conditions and employee engagement. Kahn (1990) therefore called for future research into how the relationships between psychological meaningfulness, safety, and availability promote engagement. Kahn also called for a research exploration into how individual, group, and organizational level factors combine to promote employee engagement.

Since Kahn’s (1990, 1992) work on engagement, scholars, practitioners, and consultants have been identifying and evaluating the various organizational practices and employee perceptions that promote employee engagement (see e.g. Maslach et al., 2001; Mone & London, 2009; Saks, 2006). The focus of these studies has been upon validating and extending Kahn’s framework to enhance employee engagement. Three notable studies are: May et al. (2004), Rich et al. (2010), and Whittington et al., (2017). May et al. (2004) validated Kahn’s work by conducting a quantitative study to validate Kahn’s three antecedents of engagement. Rich et al. (2010) extended Kahn’s framework by proposing three additional employee level antecedents to
engagement. Whittington et al. (2017) extended Kahn’s framework by proposing two organizational level practices as antecedents of engagement.

Based on Kahn’s (1990) work, May et al. (2004) conducted a quantitative field study to test Kahn’s framework of engagement. May et al. (2004) tested the determinants and mediating effects of Kahn’s (1990) three psychological conditions. This study found significant positive relationships between all three psychological conditions and employee engagement, with meaningfulness displaying the strongest relationship. Additionally, job enrichment and role fit were found to be positively associated with meaningfulness. As Kahn suggested, May et al. (2004) found work resources available to employees to be directly and positively associated with psychological availability. Conversely, outside work activities—school, other jobs, and voluntary activities—were found to be directly and negatively associated with psychological availability. Lastly, adherence to work norms (controls) and role fit were found to be positively associated with engagement, with psychological safety playing a partial mediating role.

In response to Kahn’s call for further research into engagement, Rich et al. (2010) hypothesize three employee level antecedents of engagement: value congruence, perceived organizational support, and core-self evaluations. Value congruence refers to the fit between an employee’s values and his or her organization’s values (Rich et al., 2010). Value congruence extends Kahn’s framework by conceptualizing psychological meaningfulness from the perspective of fit between employees’ values and their organization’s values. Rich et al. (2010) argue that employees are likely to find work meaningful and be engaged when their values are congruent with their organization’s values.
Rich et al. (2010) also hypothesize perceived organizational support as an antecedent of engagement. Organizational support is concerned with employees’ expectation that an organization’s agents (e.g., managers) will see to the employees’ welfare on behalf of the organization (Rhoades & Eisenberger, 2002). Perceived organizational support extends Kahn’s psychology safety as an antecedent of engagement. Rich et al. (2010) argue that, employees are engaged when they perceive psychological support in the form of feedback, coaching, and other resources that promote goal attainment. Employees feel safe to invest energies into their work when they perceive the organization to cater for their well-being (Rhoades & Eisenberger, 2002).

Lastly, Rich et al. (2010) hypothesize core-self evaluations, an extension of Kahn’s psychological availability as an antecedent of engagement. Core-self evaluations are employees’ appraisals of themselves in terms of their self-confidence and efficacy for goal attainment (Erez & Judge, 2001). Employees who evaluate themselves positively believe they have available personal resources to allow them to invest themselves in their work, resulting in high levels of engagement (Rich et al., 2010).

Whereas Rich et al. (2010) focus on employee level factors, Whittington and Galpin (2010) and Whittington et al. (2017) focus on organizational level practices in their extension of Kahn’s framework of engagement. Whittington et al. (2017) hypothesize the human resource (HR) value chain and performance management systems as antecedents of employee engagement. They examine the hypotheses in a series of field studies in the United States and Brazil.

The HR value chain consists of an integrated set of human resource management practices that encompasses the full span of an employee’s tenure with the organization (Whittington et al., 2017). The employee starts developing a relationship with the organization during the recruiting
and hiring process. This makes the hiring of employees whose skills and career aspirations fit those of the organization crucial (Pfeffer, 2005). Rich et al. (2010) note that a fit between employee and organizational values is an important driver of employee engagement. After hiring the employee, the HR value chain focuses on socializing him or her into the organization, linking rewards to his or her performance, and developing him or her (Pfeffer, 2005). The HR value chain supports employee development and makes employees feel secure in the organization (Coyle-Shapiro, 2002). Whittington et al. (2017) found that employees are engaged when the organization carefully hires, trains, and compensates employees. The HR value chain also includes the fairness of termination of employees (Whittington & Galpin, 2010; Whittington et al., 2017).

Another organizational practice that promotes employee engagement is the performance management system (Gupta & Kumar, 2013; Mone & London, 2009; Whittington et al., 2017). The performance management system involves organizational practices that seek to enhance employee motivation and goal commitment through goal setting, feedback, performance evaluation, and rewards (Aguinis, 2013; Armstrong, 2000; Latham & Wexley, 1994). Whittington et al. (2017) hypothesize and report that when employees are assigned specific difficult goals that are backed by ongoing expectations-based feedback and coaching, they are engaged. These findings are consistent across the United States and Brazilian samples in Whittington et al.’s (2017) series of field studies.

Although Whittington et al. (2017) confirm the performance management system as an antecedent of engagement, the performance management-engagement connection has not been explored fully. For instance, how the various phases of the performance management process work together as an integrated system to promote employee engagement is yet to be fully explored. The
next section of the paper reviews contemporary performance management models and develops a comprehensive model as a tool for addressing the low levels of employee engagement.

2.2 The Enhanced Performance Management Model

Research has established that, performance management systems promote employee engagement (Asare et al., 2017; Mone & London, 2009; Whittington et al., 2017). Performance management is defined as a series of integrated processes that encompass employee performance planning, implementation, evaluation, and rewards (Aguinis, 2013; Cascio, 2006; Whittington et al., 2017). Performance management systems are designed to promote employee satisfaction and organizational commitment. Performance management entails measuring, motivating, and developing desired expected behaviors of employees (Kinicki, Jacobson, Peterson, & Prussia, 2013). Contemporary performance management models vary in the number of stages and levels of complexity but they have three basic components: planning, implementation, and performance measurement (Kinicki et al., 2013). The Aguinis (2013) performance management framework (Figure 2.1), a well-cited performance management model, depicts these three components.

![Figure 2.1. The Aguinis performance management model (adapted from Aguinis, 2013)](image-url)
The Aguinis (2013) performance management framework illustrates the basic components of contemporary performance management models: performance planning, implementation, and evaluation (Kinicki et al., 2013). Performance planning entails defining employee performance goals by identifying expected (desired) behaviors and results that serve as standards for the employee’s performance evaluation (Aguinis, Joo, & Gottfredson, 2011; Bol, 2011; Bol & Smith, 2011). Employee performance of tasks identified at the planning phase constitutes the performance implementation phase (Briscoe & Claus, 2008; Cascio, 2006; Murphy & DeNisi, 2008). As the employee performs the task, the manager provides him or her with ongoing expectations-based feedback (Asare et al., 2017; Whittington et al., 2017). At the evaluation stage, the employee’s performance is assessed based on the standards set at the planning phase (Aguinis & Pierce, 2008; Pulakos, 2009). The manager provides the employee with end-of-performance feedback, targeted at improving the employees performance in future assignments (Aguinis, 2009; Cascio, 2006; Kinicki et al., 2013).

Contemporary performance management systems are based on the high-performance cycle (Figure 2.2), developed by Latham and Locke (1990). The high-performance cycle entails a series of integrated activities that range from assigning difficult goals to employees, providing employees with feedback, and equitably rewarding employees to engender satisfaction and goal commitment (Latham & Arshoff, 2013). The high-performance cycle begins when an employee who has high expectancy and self-efficacy assumes specific difficult goals (Latham & Locke, 1990b). The difficult goals result in high performance when the employee puts in effort and persistence through task-specific strategies to complete assigned tasks (Borgogni & Russo, 2013).
Performance is enhanced when the employee possesses the knowledge and skills (ability) to perform the assign tasks (Borgogni & Russo, 2013; Latham & Locke, 2013c). Providing the employee with expectations-based feedback and removing constraints that may prevent goal attainment also promotes high performance through goal difficulty (Cascio, 2006; Travers, 2013). If equitably rewarded, goal attainment leads to job satisfaction, which results in organization commitment (Borgogni & Russo, 2013). Employees who are satisfied and committed are willing to accept new challenging goals, and the performance cycle is repeated (Borgogni & Russo, 2013; Latham & Locke, 1990b, 2013a).

Although most contemporary performance management systems are based on the high-performance cycle, not all of them are designed to integrate the components of the high-performance cycle fully (see e.g., Aguinis, 2013; Cascio, 2006; Pulakos, 2009). This paper
proposes an enhanced performance management framework (Figure 2.3) that fully integrates the components of the high-performance cycle into contemporary performance management models to promote engagement.

**Figure 2.3.** The enhanced performance management model
The enhanced performance management framework builds on the works of Latham and Locke (1990), Latham and Wexley (1994), Aguinis (2013), and other performance management scholars (e.g., Cardy & Leonard, 2011; Cascio, 2006; Pulakos, 2009). The enhanced performance management process is composed of four stages: performance planning, implementation, evaluation, and consequences. This integrated performance management system is designed to promote the high-performance cycle developed by Latham and Locke (1990). Each of the four stages is made up of a series of sub steps. The performance planning stage is subdivided into two steps: pre-planning and current performance cycle goal setting. The implementation stage entails performance execution, ongoing-performance feedback, and performance facilitation. The evaluation stage is composed of pre-evaluation, performance assessment, end-of-performance feedback, and next performance cycle goal setting. The consequences stage is composed of both intrinsic and extrinsic contingent rewards, as well as non-contingent rewards.

2.2.1 Stage one: Performance planning.

One of the hallmarks of an effective performance management system is the integration of individual employee level goals with an organization’s strategic goals (Kinicki et al., 2013; Pulakos, 2009; Whittington & Galpin, 2010). Integrating individual employee level goals with the organization’s strategic goals enables individual employees to link their individual roles with the overall purpose of the organization (Aranda & Arellano, 2010; Choi, Hecht, & Tayler, 2012; Malina & Selto, 2015). For effective integration of individual employee level goals with the organization’s strategic goals, the organization first develops its mission statement, based upon its vision (Burney & Widener, 2007; Hall, 2008; Murphy & DeNisi, 2008). Afterwards, the
organization develops its long-term objectives—i.e. strategic goals—according to its mission statement. Based upon the strategic goals, unit and department level goals and objectives are developed, from which individual employee level goals are set before and after each performance cycle (Cardy & Leonard, 2011; Cascio, 2006; Pulakos, Mueller-Hanson, & O’Leary, 2008). The performance cycle is the period between when an employee assumes a task and when he or she completes the task.

2.2.1.1 Pre-planning. At the pre-planning step, the organization’s strategic goals are developed and relied upon to analyze and design individual employee level goals (Campbell, Datar, Kulp, & Narayanan, 2008; Cravens, Oliver, Oishi, & Stewart, 2015; Dekker, Ding, & Groot, 2016). Two crucial aspects of the pre-planning step are knowledge of the organization’s strategic goals (strategic planning) and knowledge of the job to be performed by employees (job analysis) (Aguinis, 2009; Cardy & Leonard, 2011; Kinicki et al., 2013). Strategic planning involves developing the organization’s vision, mission, and strategic goals as well as translating and cascading the strategy into unit, department, and individual employee level goals (Armstrong, 2000; Cascio, 2006). Job analysis involves identifying employee level job requirements and performance expectations in accordance with the organization’s strategic goals (Aguinis, 2009; Latham & Wexley, 1994).

Studies on performance pre-planning can be traced to the work of Katz and Kahn (1978), which were later enhanced by performance management scholars (see e.g., Aguinis, 2013; Cardy & Leonard, 2011; Pulakos, 2009). Katz and Kahn (1978) argue that an organization and its employees are part of an open system with the objective of converting raw materials into products and services through the employees. In the conversion of raw materials to goods and services, each
employee must play his or her part to enable the organization to achieve its objective. Katz and Kahn (1978) therefore emphasized the need for organizations to assign employee roles in accordance with the overall organizational objective. Building on Katz and Kahn’s (1978) foundation, Latham and Wexley (1994) recognized the need for organizations to integrate their visions, missions, and strategies with individual employee level goals. However, Latham and Wexley (1994) addressed neither how organizational vision, mission, and strategic goals are developed nor how they are cascaded down to employee level goals.

This gap between organizational strategic goals and employee level goals is addressed in the performance management model developed by Aguinis (2013). According to Aguinis (2013), performance management begins with an organization’s vision and mission statements. After developing the vision and mission statements, the organization’s strategy is developed, translated, and cascaded down to unit, department, and individual employee level goals (Aguinis, 2009; Murphy & DeNisi, 2008; Whittington et al., 2017). Aguinis (2013), however, does not address how organizational goals are defined and translated. The enhanced performance management framework addresses this gap.

The enhanced performance management system addresses strategy definition and translation by explicitly identifying the need to link organizational strategic goals with individual employee performance. The linkage of organizational strategic goals with individual employee performance is consistent with the balanced scorecard’s approach of breaking down an organization’s strategic goals to individual employee level goals. The balance scorecard, developed by Kaplan and Norton (1996), illustrates how organizational strategic goals are defined, translated, and cascaded to employee level goals. The balanced scorecard is a performance
measurement system used by businesses to align firm strategy with individual employee level
goals (Budde, 2007; Humphreys & Trotman, 2011; Kaplan & Pinho, 2008).

Before setting employee goals, the organization conducts job analysis to determine the
performance behaviors necessary for achieving the strategic goals (Aguinis et al., 2011; Aguinis,
Joo, & Gottfredson, 2012; Cardy & Leonard, 2011). Job analysis is concerned with identifying the
various roles, behaviors, and other activities that are necessary for meeting the organization’s
strategic goals. During job analysis, the organization builds competency profiles by observing
employees as they perform their roles or interviewing job incumbents about how they perform
profiles are descriptions of the performance behaviors and expectations required for
the various roles identified in the job analysis (Cascio, 2006; Latham & Wexley, 1994; Pulakos,
2009). By the end of the job analysis, the organization has compiled a comprehensive list of the
skills necessary for delivering the strategic goals (Kaplan & Norton, 2004; Kaplan & Pinho, 2008,
Latham & Wexley, 1994). The job analysis and strategic planning processes provide the
foundation for goal-setting at the individual employee level.

2.2.1.2 Current performance cycle goal setting. Goal setting is the most crucial aspect of
employee performance planning because goals provide a clear sense of direction for employees’
behaviors (Briscoe & Claus, 2008; Pritchard & Diazgranados, 2008; Pulakos, Arad, & Donovan,
2000). Latham and Locke (1990) developed the theory of goal setting in which they argue that
goals that are effective—i.e. result in high employee performance— are clear, specific, and
difficult.
Effective goal setting requires a manager to define and clarify the employee’s goals and performance expectations. Clarifying employee goals and expectations minimizes employee distress (Burney et al., 2009; Burney & Widener, 2007; Whittington et al., 2017). When goals lack specificity, employees experience distress in the form of emotional and physical fatigue (Burney & Widener, 2007, 2013). There is distress and tension among employees when they strive to achieve ill-defined objectives, which leads to emotional and physical fatigue (Whittington et al., 2017). Ambiguous goals also diminish an employee’s support for the organization (Jung & Ritz, 2014). When goals lack specificity, employees have difficulty seeing the contributions their efforts make to the organization. This reduces the level of identification employees feel with the organization (Whittington et al., 2017).

Effective goals are specific, measurable, agreed-upon, realistic, and time-bound—i.e. SMART (Cascio, 2006; Latham & Wexley, 1994; Pulakos, 2009). Goals are specific when they clearly state the employee’s responsibilities, how to meet those responsibilities, and provide timelines for meeting those responsibilities (Briscoe & Claus, 2008; Pulakos, 2009). Goals are measurable when the organization has reliable and valid performance measurement instruments to measure the desirable behaviors and results that are identified in the job’s competency profile (Latham & Wexley, 1994). Realistic goals are goals that are difficult but attainable within a particular time frame, given the employee’s abilities (Cascio, 2006; Pulakos, 2009). Time-bound means that the goals are expected to be met within a given time frame. The time bound aspect of goals also clarifies the priority of the goals (Cardy & Leonard, 2011; Pulakos, 2009).

Difficult goals result in high performance when there is participative goal setting, task simplicity (non-complexity), as well as high employee goal commitment and expectancy (Cardy
Effective goal setting requires the participation of both the employee and the manager, who understand and accept their roles and responsibilities in the goal setting process. The employee’s role and responsibility are to assume specific difficult goals that he or she has the ability, skill, and know-how to perform (Latham & Arshoff, 2013). The manager’s responsibility is to use the goal-setting process to increase the employee’s self-efficacy and goal commitment (Cascio, 2006; Pulakos et al., 2008). Another responsibility of the manager is to provide the employee with on-going, expectations-based feedback (Whittington et al., 2017). Thus, the manager must be knowledgeable in the task that he or she is assigning to the employee. Lastly, it is the responsibility of the manager to remove constraints and bottlenecks that may prevent the employee from attaining the goals (Cascio, 2006; Pulakos, 2009).

In addition to their separate roles and responsibilities, both the employee and the manager have a responsibility of agreeing upon on the employee’s goals—i.e. performance plan (Aguinis, 2013; Cardy & Leonard, 2011; Whittington et al., 2017). The agreed-upon performance plan rests on three critical areas: the content of the job, the appropriate methods for accomplishing the job, and the expected performance outcomes of the job (Cardy & Leonard, 2011; Pulakos, 2011; Whittington et al., 2017). The manager and the employee provide their perspectives on the three critical areas and reach a mutual-agreement that forms the basis of the employee’s performance evaluation (Whittington et al., 2017). As part of the mutual-agreement, both the manager and the employee identify key areas of accountability, expected behaviors, and measures that will be used to evaluate the employee’s performance (O’Boyle & Aguinis, 2012; Pulakos, 2009; Whittington et al., 2017).
Other critical factors that need to be considered in participative goal setting are: employee abilities and method of goal setting. Specific difficult goals result in high performance when the employee has the ability and skill to attain them (Latham and Locke, 2013). Latham and Locke (1990a) document that the impact of an employee’s abilities on the relationship between goal difficulty and task performance is curvilinear. Increasing levels of goal difficulty results in increasing levels of performance until the employee no longer can meet the requirements of the difficult goals (Latham & Locke, 2006; Matre, Dahl, Jensen, & Nordahl, 2013; Sun & Freese, 2013). The employee is said to have reached his or her maximum ability when he or she can no longer meet the requirements of the difficult goals (Borgogni & Russo, 2013; Latham & Locke, 1990a). An employee’s performance becomes flat when the employee reaches his or her maximum ability (Locke & Latham, 1990a). Beyond this point, assigning the employee with more difficult goals without enhancing his or ability results in a decrease in performance (Latham & Locke, 2006; Oettingen, Wittchen, & Gollwitzer, 2013; Wood, Whelan, Sojo, & Wong, 2013). At the same level of goal difficulty, employees with higher abilities perform better than employees with lower abilities (Latham & Locke, 1990).

In addition to employee abilities, the method of goal assignment is also important in the goal setting process (Gupta & Kumar, 2013; Krats & Travor, 2013; Piccolo, 2013). Employee goals can be assigned in three ways: by the manager, by a collaboration between the employee and the manager (participative), and by the employee’s self. In manager assigned goal setting, the manager assigns goals to the employee without the employee’s input (Latham & Wexley, 1994). In participative goal setting, the manager along with the employee assigns the employee’s goals during performance planning sessions (Gupta & Kumar, 2013; Krats & Travor, 2013). In self-
assigned goal setting, the employee assigns goals to him or herself without the manager’s input (Latham & Wexley, 1994; Piccolo, 2013).

Research shows that regardless which of the three goal setting methods is used, the level of performance (output) is generally unaffected as long as the goals challenge the employee (Latham & Locke, 1990a, 1990b, 2013a). Krats & Trevor (2013) and Gupta and Kumar (2013), however, encourage participative goal setting as it promotes higher levels of job satisfaction and employee engagement than manager-assigned and self-assigned goals (Asare et al., 2017). Allowing employees to participate in the goal setting process promotes employees’ perception of the fairness in the performance management process (Konovsky & Pugh, 1994; Krats & Travor, 2013). Employee perception of fairness in the performance management process has been found to enhance job satisfaction, goal commitment, and engagement (Gupta and Kumar, 2013).

Specific difficult goals, regardless of the method of assignment, result in high performance to the extent that they are not too complex (Cascio, 2006; Tasa, Whyte, & Leonardelli, 2013). According to the high-performance cycle, tasks that are simple but difficult result in higher performance than tasks that are complex and difficult (Borgogni & Russo, 2013; Kelly, Webb, & Vance, 2015). It is therefore imperative that employee goals are designed such that they are difficult but not too complex (Latham & Wexley, 1994).

While participative goal setting and task complexity are critical in attaining high performance, the importance of employee goal commitment in the goal setting process cannot be over emphasized (Shilts, Townsend, & Dishman, 2013). Latham and Locke (2013) note that goal difficulty is unlikely to result in high performance if there is no goal commitment. It is therefore imperative that the organization devises a means of committing employees to their goals (Latham
and Wexley, 1994). Goal commitment is a conscious effort made by the employee to attain the expected results of a goal (Kwan, Lee, Wright, & Hui, 2013; Latham & Locke, 1990a). Goal commitment is driven by participative goal-setting, managerial feedback, equitable rewards—i.e. linking pay to performance—and performance evaluations (Cascio, 2006; Latham & Wexley, 1994).

Participative goal setting contributes to goal commitment by providing employees with voice in the goal setting process. The voice enables employees to provide their opinions on the means, time frame, and resource requirements for goal attainment (Cascio, 2006). Through this voice, employees develop ownership of their goals and become committed to those goals (Cascio, 2006; Mone & London, 2009; Pulakos, 2009).

In addition to participative goal setting, goal commitment can be achieved through managerial feedback. Managerial feedback promotes goal commitment in two ways. First, the feedback promotes goal commitment when it is based on things that the employee has control over (Cascio, 2006; Latham & Wexley, 1994; Whittington et al., 2017). For example, goal commitment can be promoted by providing employees with constructive feedback on efficient ways of performing tasks (Briscoe & Claus, 2008; Cascio, 2006). Conversely, providing the employee with feedback on things he or she has no control over, for example, broken equipment, will not enhance goal commitment (Briscoe & Claus, 2008; Cascio, 2006). Second, feedback is more effective if it is provided frequently during task performance (Latham & Wexley, 1994; Whittington et al., 2017). Providing the employee with frequent, expectations-based feedback during task performance focuses the employee on the task and so, results in goal commitment (Asare et al.,
Coaching is the “consistent application of integrated professional, interpersonal, and intrapersonal knowledge to improve a person’s competence, confidence, connection, and character in specific coaching contexts” (Jean & Gilbert, 2009, p. 316). Coaching is often viewed from the broader perspective of feedback. Heslin, VandeWalle, and Latham (2006) view coaching as the situation where a manager provides an employee with feedback and insights to inspire performance improvements. Liu and Batt (2010) similarly view coaching as a process by which supervisors clearly communicate performance expectations, feedback, and suggestions for performance improvements to employees.

Latham and Wexley (1994) document four ways of informal day-to-day coaching: persuasion, enactive mastery, modeling, and physiological state. In persuasion, the coach (manager) guides the employee to see the positive side of failure: the opportunity to use the experience of the failure to do better in the future (Latham & Wexley, 1994; Lewis-Duarte & Bligh, 2012). The manager teaches the employee to change from negative pessimistic explanatory styles to positive optimistic ones and focus on the bright sides of events (Latham & Wexley, 1994).

In enactive mastery, the manager increases the employee’s self-efficacy through conveying positive expectations and giving recognition. The manager achieves this by tasking the employee to handle progressively more difficult or intimidating activities as part of a training exercise (Janssen & Van Yperen, 2004; Latham & Wexley, 1994; Lewis-Duarte & Bligh, 2012).

Modeling, is a coaching technique where the manager asks the employee’s peers to demonstrate for the employee how to perform a task (Latham & Wexley, 1994; McComb, 2012).
When an employee sees his peers perform a task, the employee raises his or her self-efficacy and becomes committed to performing the task (Latham & Wexley, 1994).

In physiological state, the coach maximizes employees’ physiological arousals to increase the employees’ self-efficacy to achieve goal commitment (Latham & Wexley, 1994). People rely in part on their physiological states (the functions and activities of the body and its systems) when appraising their capabilities towards task performance (Latham & Wexley, 1994). For example, when people are intimated and scared by tasks, their hearts beat faster and their hands shake and sweat. The coach’s job is to assure the employee that such physiological states are normal and that they should not be translated into low self-efficacy (Latham & Wexley, 1994; Lewis-Duarte & Bligh, 2012).

Employee goal commitment is also enhanced by linking pay to performance. Linking pay to performance is an objective and logical way of allocating financial rewards to employees (Latham & Wexley, 1994; Preslee, Vance, & Webb, 2013). To the extent that the employee values money, linking pay to performance creates a performance-reward contingency for the employee, causing the employee to put up behaviors that are desirable for goal attainment (Latham & Wexley, 1994; Preslee et al., 2013). Linking pay to performance also enables the employee to appreciate the performance appraisal process as he or she is more likely to doubt the importance of the performance appraisal process if pay is separated from performance (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010; Podsakoff, Todor, & Skov, 1982; Preslee et al., 2013). Research shows that most employees want their pay to be based on their performance (Cao & Wang, 2013; Kuvaas, 2006; Latham & Wexley, 1994).
Lastly, the organization can attain employee goal commitment through performance evaluations (Aranda, Arellano, & Davila, 2014; Bol & Lill, 2015; Indjejikian, Matějka, Merchant, & Van der Stede, 2014). Performance measurement is arguably one of the most important determinants of employee goal commitment (Bol & Lill, 2015; Cardy & Leonard, 2011; Cascio, 2006). During performance measurement, an employee’s performance is appraised by comparing his or her actual behaviors to the expected behaviors required of his or her role (Burney & Widener, 2013; Pulakos et al., 2008). Performance measurement affords the manager the opportunity to provide feedback to the employee and assign new goals to the employee as a means of addressing challenging areas in previous tasks (Bol & Lill, 2015; Latham & Locke, 2013c).

The high-performance cycle integrates goal-setting with expectancy theory to explain the relationship between goal difficulty and task performance (Bandura, 2013; Latham & Locke, 1990a). Expectancy theory asserts that the level of task performance is a function of three things: expectancy, instrumentality, and valence. Expectancy is an individual’s belief that effort drives performance. Instrumentality is the individual’s belief that performance leads to rewards (Latham & Locke, 1990a; Meckler, Drake, & Levinson, 2003). Valence is the value that the individual assigns to rewards or the outcome of performance—e.g., satisfaction (Latham & Locke, 1990a; Meckler et al., 2003). Holding instrumentality and valence constant, expectancy has a positive linear relationship with performance (Ajzen, 1991; Harder, 1991). At a given level of goal difficulty, the level of task performance increases when the employee puts in more effort towards the goal (Latham & Locke, 1990a, 1990b). Similarly, at a given level of goal difficulty, instrumentality has a positive linear relationship with the level of task performance (Ajzen, 1991;
Harder, 1991). In other words, an employee performs higher when he or she believes that high performance will result in rewards.

### 2.2.2 Stage two: Performance implementation.

Setting and agreeing upon the employee’s performance goals and expectations is one thing, but implementing and executing them is another. The performance implementation stage requires separate roles and responsibilities from the employee and the manager for successful goal attainment (Cardy & Leonard, 2011; Pulakos, 2009). The performance implementation phase is composed of performance execution, ongoing expectations-based performance feedback, and facilitation.

#### 2.2.2.1 Performance execution. The employee’s responsibility is to execute the performance plan by putting into action the agreed-upon performance requirements as they were defined at the performance planning stage (Latham & Wexley, 1994). The manager’s role and responsibility are to guide the employee through the performance execution process through expectations-based feedback (Latham & Wexley, 1994; Whittington et al., 2017). It is also the responsibility of the manager to facilitate the performance execution process by removing situational constraints that may prevent the employee from attaining the performance goals (Borgogni & Russo, 2013; Cascio, 2006).

#### 2.2.2.2 Ongoing, expectations-based performance feedback. The manager guides the employee through the performance execution process with ongoing and expectations-based feedback. The ongoing feedback provides the manager the opportunity to coach and direct the employee to stay focused on the performance plan. (Latham & Locke, 2013a; Whittington &
Galpin, 2010; Whittington et al., 2017). The ongoing expectations-based feedback is provided to the employee on a regular basis (Whittington et al., 2017).

A useful tool for providing employees with ongoing expectations-based feedback and coaching is the Personal Management Interview (PMI; Cameron, 2012). The PMI is a continuous program of recurring, one-on-one meetings between a manager and his or her employees (Whittington et al., 2017). During PMIs, the manager discusses job-related issues and resource requirements with his or her employees. The manager uses the PMI as an opportunity to provide the employees with expectations-based feedback and coaching to reinforce the agreements in the performance plan. The on-going feedback is consistent with goal setting theory’s assertion that goal difficulty results in high performance to the extent that the employee receives feedback from the manager (Borgogni & Russo, 2013; Latham & Arshoff, 2013). Feedback aids both the manager and the employee to track the employee’s performance in relation to the performance plan (Latham & Locke, 1990a, 1990b). Goal setting without adequate feedback has little effect on the employee’s performance, making the goal setting process ineffective (Borgogni & Russo, 2013; Latham & Wexley, 1994).

2.2.2.3 Performance facilitation. In addition to providing the employee with expectations-based feedback, the manager also facilitates the employee’s performance by removing or minimizing situational constraints that make it difficult for the employee to attain his or her goals (Cascio, 2006; Latham & Locke, 1990b). The manager addresses situational constraints by providing the employee with resources such as requisite task information, materials, tools, and supplies that are necessary for goal attainment (Cardy & Leonard, 2011; Cascio, 2006; Latham & Arshoff, 2013).
2.2.3 Stage two: Performance implementation.

From the perspective of the employee, successful task completion entails putting up the desired behaviors as defined in his or her performance plan (Cardy & Leonard, 2011). The organization, however, views performance success as the attainment of results (Cardy & Leonard, 2011). To determine the success of the performance execution stage and reward the employee appropriately, the organization evaluates the employee’s performance at the end of the performance cycle (Cardy & Leonard, 2011; Pulakos, 2009). Performance evaluation is the formal assessment of the employee’s behavior and results during the performance cycle (Latham & Wexley, 1994). The evaluation is both an outcome feedback process and a foundation for setting future goals for the employee (Cardy & Leonard, 2011). Besides serving as the basis for providing the employee with outcome-based feedback and future goal assignments, performance evaluations also provide information for administrative decisions, including retention and promotions (Whittington et al., 2017). Performance evaluations are also helpful in identifying employee training and development needs (Cardy & Leonard, 2011; Pulakos, 2009). The evaluations also provide the basis for reward decisions that include bonus earnings and salary increases (Bol, 2011; Bol & Smith, 2011; Latham & Wexley, 1994). Performance evaluation activities include: pre-evaluation, assessments, end-of performance feedback, and next performance cycle goal setting.

2.2.3.1 Pre-evaluation. Pre-evaluation entails the activities that are performed to get ready for performance evaluations. The main pre-evaluation activities are selecting performance raters (appraisers) and meeting performance appraisal legal requirements. Traditionally, performance appraisals are conducted by an employee’s manager; however, those appraisals may be based on
information from others who are familiar with the employee’s performance. A common practice is to select both the manager and the employee to evaluate the employee’s performance—i.e. superior and self-appraisals respectively (Aguinis, 2013; Cascio, 2006; Pulakos, 2009). In superior appraisals, the employee’s manager appraises the employee’s performance (Latham & Wexley, 1994; Kinicki et al., 2013). Superior appraisals have been criticized for being contaminated with bias and subjectivity (Bol, 2011; Bol, Keune, Matsumura, & Shin, 2010; Bol & Lill, 2015). Sources of superior evaluation bias and subjectivity include contamination and deficiency (Whittington et al., 2017). Contamination occurs when elements outside the original plan are included in the process, whereas deficiency occurs when important elements that should be included are omitted (Whittington et al., 2017). Clarifying the job content and performance expectations and using the agreed-upon goals (set during performance planning) as the basis for the performance evaluation reduces contamination and deficiency (Whittington et al., 2017). Self-appraisals entail employees assessing their own performance. Self-appraisals have been found to be as effective as superior appraisals (Aguinis, 2013; Latham & Wexley, 1994).

In addition to appropriately selecting performance raters, the organization is required to meet performance appraisal legal requirements to minimize potential law suits (Latham and Wexley, 1994). To minimize potential law suits, performance appraisals should, at least, meet the requirements of title VII of the civil rights act of 1964 (Latham and Wexley, 1994). According to title VII of the civil rights act, performance appraisals should be designed such that employees are evaluated according to their performance plan and not based on their race, color, religion, or gender (Latham and Wexley, 1994).
2.2.3.2 Performance assessments. After identifying appraisers and meeting appraisal legal requirements, the employee’s performance is evaluated. During performance assessments, the rater (manager or employee) rates the employee’s performance by observing the employee’s behaviors and comparing them to the employee’s performance plan (Aguinis, 2009; Latham & Wexley, 1994; Pulakos, 2009). Performance rating entails assigning grades to specific goals within the employee’s performance plan—e.g., below expectations, meets expectations, or exceeds expectations (Cardy & Leonard, 2011). The roles and responsibilities of the employee and the manager during performance assessments is to make judgments about the employee’s performance and, based on those judgments, rate the performance (Murphy & De Nisi, 2013). The rater’s judgment of the employee’s performance is based upon observations made during task performance (Murphy & De Nisi, 2008). It is also the responsibility of the rater to ensure fairness in the procedures used to assign ratings by being consistent in translating his or her judgment into performance ratings (Cardy & Leonard, 2011).

Rater judgment involves the rater observing the employee being appraised and comparing the observed performance behaviors and results with the expected performance behaviors in the employee’s performance plan (Murphy & DeNisi, 2008). Judgement is a cognitive process through which the rater privately evaluates the employee’s job behavior and results in comparison to a standard (Murphy & DeNisi, 2008). Factors that influence rater judgement are opportunity to observe the employee during task performance, availability of performance appraisal standards, recall of performance, and time pressures (Murphy & De Nisi, 2008). A rater who can observe all aspects of the employee’s performance is more likely to make a complete judgment on the employee’s job behaviors and results (Murphy & DeNisi, 2008). Likewise, the rater is more likely
to make a better judgement on the employee’s performance if performance standards and job requirements with which the rater can compare the employee’s actual performance are available (Murphy & De Nisi, 2008). Being able to remember the observations made during the employee’s task performance and having enough time to recall events that happened during the observation also enhance the rater’s judgment of the employee’s performance (Murphy & De Nisi, 2008).

\subsection*{2.2.3.3 End-of-performance feedback.} At the end of performance ratings, the manager has the responsibility to provide the employee with end-of-performance feedback (Whittington et al., 2017). Unlike ongoing performance feedback, end-of-performance feedback is designed to improve upon the employee’s performance in the next performance cycle (Piccolo, 2013). End-of-performance feedback is the manager’s means of communicating the performance evaluation results to the employee (Cardy & Leonard, 2011; Pulakos, 2009). The employee’s performance appraisal results may represent a discrepancy between his or her expected performance and actual performance (Murphy & DeNisi, 2008). If there is a large discrepancy between the desired performance and actual performance, it means the employee’s performance is low compared to the performance expectations (Murphy & DeNisi, 2008). On the contrary, if there is a small discrepancy between the desired performance and actual performance, then the employee’s performance is high (Murphy & DeNisi, 2008). Based on the feedback and the level of discrepancy between the expected and actual performance, the employee’s performance plan is updated during goal setting for the next performance cycle (Aguinis, 2013; Murphy & DeNisi, 2008).

As part of the end-of-performance feedback process, the manager coaches the employee after conducting performance assessments. Latham and Wexley (1994) document three forms of effective end-of-performance coaching: Tell and Sell, Tell and Listen, and Problem-Solving. In
the Tell and Sell approach, the manager tells the employee what the employee needs to know and assigns clear, specific goals for improvement (Latham & Wexley, 1994). In the Tell and Listen approach, the manager points out the employee’s strengths and weaknesses and allows the employee to respond (Latham & Wexley, 1994). The manager actively listens to the employee and makes inferences about the employee’s attitudes and emotions (Latham & Wexley, 1994). The manager also paraphrases the employee’s statements back to the employee to ensure that he or she correctly understands the employee’s concerns (Latham & Wexley, 1994). The Problem-Solving approach is a combination of the Tell and Sell and the Tell and Listen approaches. The manager encourages the employee to participate in the appraisal process, discusses the employee’s problems and prescribes solutions to the problems through subsequent goal setting (Latham & Wexley, 1994).

Despite the importance and range of impact associated with performance evaluations, managers often consider performance appraisals to be the “Achilles’ heel” of the performance management process (Gruman & Saks, 2011; Whittington et al., 2017). This perception is fueled by the range of purposes served by the appraisal process. Appraisals can be emotional because of the personal nature of the feedback (Whittington et al., 2017). The consequences for an individual’s compensation and continued employment makes the evaluation process emotional for most managers (Aguinis, 2013; Asare et al., 2017). Further, most managers don’t feel comfortable breaking bad news in the form of performance deficiencies to employees, and the problem worsens when there is no clear basis for performance evaluations (Whittington et al., 2017).

Setting clear, specific, challenging goals during the performance planning stage and providing employees with on-going, expectation-based feedback minimizes these performance
evaluation issues (Whittington et al., 2017). Providing employees with constructive and corrective feedback during PMIs also help minimize the distress associated with providing employees with negative feedback (Whittington et al., 2017). Since the PMI occur during task performance, the manager doesn’t have to wait till the end of task performance before breaking bad news to the employee (Whittington et al., 2017). Moreover, the employee can correct undesired performance behaviors before final evaluations (Whittington, et al., 2017). Another way of reducing the discomfort associated with performance evaluations is using the goals developed during performance planning as the criteria for performance evaluations (Pulakos, 2009; Whittington et al., 207). Using the employee’s performance goals as the evaluation criteria provides a clear linkage between the employee’s performance plan and the actual performance being appraised (Burney et al., 2009; Whittington et al., 2017). Connecting performance goals with performance appraisals enhances employee satisfaction with the performance appraisal process (Taylor et al., 1995). When the performance goals are used as the evaluation criteria in the appraisal, employees also have heightened perceptions of the procedural and distributive justice of the performance management system (Taylor et al., 1995).

2.2.3.4 Next performance cycle goal setting. Feedback associated with the performance evaluation becomes the basis for the next round of performance planning. During goal setting for the next performance cycle, the employee’s performance plan is updated based upon the end-of-performance feedback (Aguinis, Joo, & Gottfredson, 2011; Kaplan & Nortion, 2004; O’Boyle & Aguinis, 2012). Even if the employee attains or exceeds the expectations of the just-ended performance cycle, the feedback process should prescribe a performance management plan that sets new difficult goals for the employee (Aguinis, 2013; Murphy & DeNisi, 2008; Pulakos, 2009).
The idea of using current performance cycle feedback to set employee goals for the next performance cycle is based upon goal setting theory. According to goal setting theory, providing employees with end-of-performance feedback without setting subsequent goals to address the feedback has little or no impact (Borgogni & Russo, 2013; Latham & Locke, 1990a; Travers, 2013). Setting subsequent goals to address performance feedback has psychological effect on the employee: the subsequent goals constantly remind the employee of his or her inefficiencies in the prior performance cycle and how to improve upon them in the current cycle (Latham & Locke, 2013c; Pulakos et al., 2000). Continuously using feedback to set difficult goals for the employee in accordance with the organization’s goals challenges the employee to work harder until he or she attains the highest possible position in the organization (Aguinis, 2013; Murphy & DeNisi, 2008). Aguinis (2013) refers to the setting of employee goals for the next performance cycle as performance renewal and re-contracting. During performance renewal and re-contracting, the manager and the employee use their experience and information gained from the just-ended performance cycle to set the employees goals for the next cycle (Whittington et al., 2017).

2.2.4 Stage two: Performance implementation.

The performance management stages discussed so far have focused upon ensuring high employee performance in the current performance cycle and identifying potential goals to challenge the employee in the next performance cycle. Though challenging the employee in the current and next performance cycles is important, rewarding the employee at the end of the current performance cycle is critical (Latham & Locke, 1990a, 1990b; Latham & Wexley, 1994). This is because goal difficulty by itself is not enough to stimulate and sustain employee commitment
(Borgogni & Russo, 2013). The timely receipt of rewards and punishments—i.e., performance consequences—at the end of the current performance cycle promotes employee satisfaction and future goal commitment (Aguinis, 2009; Latham & Locke, 1990b; Podsakoff et al., 1982).

Performance consequences, the last stage of the enhanced performance management framework, focuses on applying rewards and sanctions ultimately to promote organizational commitment through job satisfaction. The idea of promoting employee commitment through job satisfaction is based upon the high-performance cycle, which theorizes that employee satisfaction leads to organizational and goal commitment. During the performance consequences stage, the organization (manager) distributes rewards and punishments in the form of pay increases, bonus, promotions, and terminations (Borgogni & Russo, 2013). The rewards and sanctions can be distributed in two forms: intrinsic and extrinsic rewards (and punishments). Intrinsic rewards are rewards that are offered to an employee by him or herself (Judge et al., 2010; Latham & Arshoff, 2013; Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Conversely, extrinsic rewards are offered to the employee by others (such as the manager or the organization as a whole) (Latham & Arshoff, 2013). Contingent rewards are based upon the outcome of performance and are awarded based on a merit system (Latham & Arshoff, 2013). Examples are pay raises, bonuses, promotions, and recognition. Non-contingent rewards, on the contrary, are not based upon how well an employee performs but are provided to the employee if minimum performance requirements are met (Cardy & Leonard, 2011; Cascio, 2006; Pulakos, 2009). Examples are base pay, fringe benefits, and seniority awards (Latham & Locke, 1990a).

Both the manager and the employee have important roles and responsibilities during the distribution of rewards and punishments (Latham & Locke, 1990a). The employee’s role and
responsibility are to evaluate the intrinsic and extrinsic rewards to derive personal and job satisfaction and, ultimately, organization commitment (Latham & Wexley, 1994). Rewards and punishments that meet the employee’s wants or values result in job and personal satisfaction (Latham & Locke, 1990a). On the contrary, rewards and punishments that negate or do not meet the employee’s wants and values result in both task and personal dissatisfaction (Latham & Locke, 1990a). The manager has two responsibilities in this phase of the performance management process. First, the manager must identify the kind of rewards (and punishments) the employee values and strive to provide them to the employee if they are sanctioned by the organization (Cascio, 2006). Second, the manager must apply fairness in the procedures used in the distribution of rewards and punishments to employees (Cascio, 2006; Latham & Wexley, 1994). The manager applies fairness by being consistent in the procedures he or she uses to arrive at the type and quantity of rewards and sanctions to employees (Cascio, 2006; Latham & Wexley, 1994).

Employees evaluate intrinsic and extrinsic rewards differently (Latham & Locke, 1990a). Employees evaluate intrinsic rewards by comparing their performance to their performance goals (Bandura, 2013). Research shows that if an individual’s performance is successful when he or she compares it to his or her performance goals, the individual evaluates the performance positively, leading to high personal and job satisfaction (Borgogni & Russo, 2013; Latham & Arshoff, 2013). In addition, positive performance evaluations lead to personal pride and a high sense of achievement, compared to negative performance evaluations (Latham & Locke, 1990b). On the contrary, if the individual’s performance is not successful in comparison to his or her performance goals, the individual appraises his or her performance negatively, leading to task and personal dissatisfaction (Latham & Locke, 1990b). According to self-attribution theory, individuals
attribute successful actions to themselves and unsuccessful actions to others (Latham & Locke, 1990a, 1990b). Self-attribution leads to higher satisfaction when the individual achieves success through his or her own efforts than when success is achieved through external factors such as luck (Latham & Locke, 1990a, 1990b; Latham & Wexley, 1994).

The positive relationship between goal attainment and job satisfaction poses a challenge for managers (Klein, Cooper, & Monahan, 2013; Latham & Locke, 2013b). Easy goals produce more satisfaction than difficult goals since easy goals are easier to attain, providing the employee with more satisfaction, compared to difficult goals (Latham & Locke, 1990a). Thus, when goals are set low, employees are satisfied but unproductive, and when goals are set high, employees are productive but unsatisfied (Latham & Arshoff, 2013; Latham & Locke, 1990a, 1990b). A way of addressing this dilemma is setting goals at moderate levels so that moderate levels of satisfaction and performance are attained (Latham & Locke, 1990b). Another way of addressing this challenge is setting combinations of high and low goals for the employee. This way, the employee achieves varieties of high and low personal and job satisfactions (Latham & Locke, 1990b).

Employees evaluate external rewards based on equity—i.e., fairness. According to equity theory, people appraise fairness by calculating the ratio of their output (their external rewards) to their input (their performance) and comparing their ratios to the output-input ratios of others (Latham & Locke, 1990a; Leventhal, 1980). Employees perceive fairness when their output-input ratios are comparable to the output-input ratios of others within and outside the employees’ organization (Latham & Locke, 1990a). When employees perceive fairness, they attain personal and job satisfaction. Conversely, when employees perceive unfairness, they attain personal and job dissatisfaction (Latham & Wexley, 1994).
Employee satisfaction with contingent rewards is positively related to the level of commitment they feel toward their organization (Borgogni & Russo, 2013; Latham & Locke, 1990a). Organization commitment is the consequence of job satisfaction and is defined as ‘(a) the acceptance of the goals of the organization; (b) willingness to exert effort on behalf of the organization; and (c) a desire to stay with the organization’ (Latham and Locke, 1990b, p. 244). When employees are committed to the organization, they are willing to accept new difficult goals in the next performance cycle in order to repeat the performance management process (Borgogni & Russo, 2013; Latham & Locke, 1990a; Whittington et al., 2017).

2.3 Enhancing the Engagement of Accountants

The enhanced performance management framework emphasizes setting clear, specific, difficult goals for employees. Ideally, this goal setting process is a mutual process in which the employee participates in setting his or her performance goals. The enhanced performance management framework also emphasizes the importance of managerial feedback and the removal of situational constraints—i.e., performance facilitation. The enhanced performance management framework will result in a high-performance cycle along with increased levels of employee satisfaction and organizational commitment (Borgogni & Russo, 2013; Young & Smith, 2013). These characteristics of the enhanced performance management model is expected to attenuate the disengagement among accountants.

The disengagement among accountants is driven by inadequate managerial feedback, inadequate employee voice, improper matching of employees’ abilities to their tasks, improper performance evaluations, inadequate communication between managers and employees, and
inequitable employee rewards (Burney & Widener, 2013; Fogarty et al., 2000; Rhode et al., 1977). Employee exit interviews conducted by Rhode et al. (1977) show that many accountants withdraw from their work because they feel their managers do not provide them with adequate expectations-based, ongoing performance feedback. Accountants are usually given brief on-the-job training and are expected to quickly pick up multiple complex assignments with little managerial feedback and coaching (Roth & Roth, 1995). Besides the inadequate managerial feedback and coaching, accountants have little say in their job assignments, especially non-managers (Rhode et al., 1977). This lack of participative goal setting does not allow accountants to appropriately match their skills to their tasks, resulting in low work meaningfulness (Fogarty et al., 2000; Maslach, 1982).

In addition to the inadequate managerial feedback and participative goal setting, accountants (especially those in public accounting) are not adequately evaluated (Rhode et al., 1977). Traditionally, accountants are rotated on several assignments, resulting in one accountant working under several managers during the year (Fogarty et al., 2000). This means the accountant may be evaluated by different managers for the same year’s performance. The evaluation of the accountant by different managers does not allow the managers to adequately observe the accountant’s behaviors and results to make accurate judgements about his or her performance (Rhode et al., 1977). A direct consequence of such improper performance evaluations is inequitable distribution of contingent rewards such as bonuses and promotions to employees (Burney & Widener, 2013; Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006; Preslee et al., 2013). As illustrated in the preceding sections, the enhanced performance management model addresses these undesirable attributes of accounting work by emphasizing on activities that promote a high-performance cycle.
Gruman and Saks (2011) and Whittington and Galpin (2010) suggest that a high-performance cycle has a direct and positive impact on employee engagement. The connection between performance management and engagement is supported in a recent series of field studies conducted by Whittington et al (2017). In four separate studies, Whittington et al. (2017) report significant positive relationships between performance management and employee engagement (Asare et al., 2017; Whittington et al., 2017). In addition to Whittington et al.’s (2017) findings, other empirical studies also support Gruman and Saks (2011) and Whittington and Galpin’s (2010) suggestions. Gupta and Kumar (2013) report that performance appraisal leads to employee engagement among employees in Indian subsidiaries of multinational companies. Path analysis conducted by Mone and London (2009) and Mone et al. (2011) in the United States also confirm the positive association between performance management and employee engagement. A 2017 report released by Gallup documents that employees who are involved in setting their goals are about four times more likely to be engaged than employees who are not involved in setting their goals (Wigert & Harter, 2017).

It is therefore expected that the enhanced performance management framework will promote a high-performance cycle and increase the levels of engagement of accountants. The following hypothesis will therefore be investigated in this research:

**Hypothesis 1**: The presence of the enhanced performance management model will increase the level of engagement of accountants.
2.4 Outcomes of Engagement of Accountants

The accounting literature identifies job dissatisfaction and low organizational commitment as some of the negative work outcomes of accountants (see e.g., Fogarty et al., 2000; Maslach, 1982). The enhanced performance management model addresses these negative work outcomes of accountants by promoting employee engagement. The enhanced performance management framework encourages effective goal setting where accountants (employees) are involved in the goal-setting process and receive regular, concrete, goal-related feedback. As part of the participative goal-setting process, the enhanced performance management model emphasizes the assignment of clear, specific, difficult goals to employees as part of their performance plans. The performance plans become the standard for the employees’ performance evaluations. Clear, specific, difficult goals enable employees to evaluate their performance by adjusting their efforts and persistence until goal attainment (Krats & Travor, 2013). Upon successful goal attainment, employees achieve job satisfaction and organizational commitment (Bandura, 2013; Latham & Arshoff, 2013).

In addition to goal setting, the enhanced performance management framework encourages concrete goal-related feedback between managers and employees. During performance implementation, the enhanced performance management framework emphasizes one-on-one meetings between a manager and each one of his or her direct reports through the PMI (Whittington et al., 2017). The PMI ensures that both managers and employees are committed to the process and ensures an effective exchange of performance-relevant information (Burney & Widener, 2007; Chong & Chong, 2002; Whittington et al., 2017).
The integration of participative goal-setting and performance feedback results in a high-performance cycle and employee engagement (Borgogni & Russo, 2013; Latham & Locke, 2013b; Wigert & Harter, 2017). When employees are engaged, they perform beyond their performance standards, they exhibit extra-role behaviors, and they become committed to their organizations (Mone & London, 2009; Rich et al., 2010; Whittington et al., 2017). Based on this literature, it is expected that the impact of the enhanced performance management framework on accountants’ job satisfaction and organizational commitment will be mediated by their levels of engagement. The following hypotheses will therefore be investigated in this research:

**Hypothesis 2 (a):** The relationship between the enhanced performance management framework and the job satisfaction of accountants will be mediated by the level of engagement of accountants.

**Hypothesis 2 (b):** The relationship between the enhanced performance management framework and the organizational commitment of accountants will be mediated by the levels of engagement of accountants.

### 2.5 Impacts of Leadership and Employee Attitudes and Behaviors

The impact of performance management on employee engagement depends to a large degree on the quality of the implementation at the individual employee level. At the individual employee level, leadership behaviors play a critical role in driving favorable outcomes from the performance management system. Whittington et al. (2017) document the significant ability of leadership behaviors to promote employee engagement through the performance management process (Asare et al., 2017; Whittington et al., 2017). They report that the quality of exchange
between a manager and his or her employee (dyad) impacts the connection between the performance management process and the employee’s level of engagement. High quality exchange between the dyad strengthens the association between the performance management process and the employee’s level of engagement (Asare et al., 2017; Whittington et al., 2017). Whittington et al. (2017) also note that managerial contingent reward behaviors strengthen the association between the performance management process and the level of employee engagement.

These findings suggest that, the success of organization level practices such as the performance management system depends on the behaviors of the employee’s direct manager. In addition, performance management can be viewed as a joint venture by managers and employees with the goal of promoting employee job satisfaction and organizational commitment (Cascio, 2006; Latham & Wexley, 1994; Pulakos, 2009). Viewing performance management as a joint venture between managers and employees with a common goal makes it imperative to understand how leadership behaviors influence the outcomes of the performance management process.

Further, though understanding how leadership behaviors influence outcomes of the performance management process is important, understanding what drives the employee’s response to the leader’s behaviors is also important. An employee’s response to his or her manager’s actions is influenced by the level of trust between the employee and the manager (Colquitt, Lepine, Zapata, & Wild, 2011; Konovsky & Pugh, 1994; Mayer, Davis, & Schoorman, 1995). Employees that have high levels of trust in their managers assume difficult goals and drive energies into their work without fear of negative consequences (Agarwal, 2014; Kahn, 1992; Sparrowe, 2014).
The next section of the paper discusses how an employee’s level of trust in his or her manager influences the performance management-engagement relationship. The section also discusses how managerial contingent reward behaviors influence the performance management-engagement relationship.

2.5.1 Trust in the leader

Trust in the leader influences both the performance management process and the level of employee engagement. In the performance management process, trust in the manager influences the level of employees’ participation in goal setting, goal commitment, and acceptance of appraisal results. High levels of trust between a dyad make the employee comfortable in voicing his or her opinions during the goal setting process (Konovsky, 2000; Rockstuhl, Dulebohn, Ang, & Shore, 2012). When there is no trust between a dyad, the employee is unlikely to voice out his or her concerns with the goal-setting process for fear of being victimized by the manager (Gruman & Saks, 2011; Taylor et al., 1995). The employee’s level of trust in the manager therefore influences the employee’s level of participation in the goal-setting process and commitment to those goals.

In addition to participative goal-setting, an employee’s level of trust in his or her manager influence’s the employee’s goal commitment. An underlying assumption of goal commitment is that goal difficulty results in goal attainment when there is effort and persistence on the part of employees (Borgogni & Russo, 2013; Latham & Arshoff, 2013). Upon goal attainment, employees gain satisfaction when they are rewarded equitably according to their performance (Greenberg, 1990; Gruman & Saks, 2011; Konovsky, 2000). For employees to have confidence in the organization’s reward system, they must trust that their managers will equitably reward their time,
energy, and efforts expended for goal attainment (Gruman & Saks, 2011; Macey et al., 2009; Macey & Schnieder, 2008).

Lastly, the level of trust between a dyad influences the employee’s reaction to the performance appraisal process (Konovsky, 2000). High levels of trust between an employee and his or her manager build employee confidence in the performance management system and acceptance of performance appraisal results (Folger, Konovsky, & Cropanzaon, 1992; Taylor et al., 1995).

In sum, the level of trust between employees and their managers impacts the performance management process through participative goal-setting, employee goal commitment, and performance appraisals.

In addition to the performance management process, the level of trust between a dyad also influences the employee’s level of engagement. The level of trust between a dyad influences the employee’s level of engagement through psychological meaningfulness, safety, and availability. Employees experience psychological meaningfulness when they perform tasks that provide them with autonomy and challenge (Kahn, 1990; Rich et al., 2010). The level of trust between a dyad influences the manager’s preparedness to provide the employee with autonomy and the employee’s willingness to assume challenging tasks (Dirks, 2000; Rockstuhl et al., 2012). In high-trusting dyadic relationships, the manager is prepared to be vulnerable to the employee by providing the employee with more work autonomy (Mayer et al., 1995; Sparrowe, 2014). This is because the manager trusts the employee to effectively perform assign tasks with little or no supervision (Mayer et al., 1995; Sparrowe, 2014). Similarly, the employee is willing to be vulnerable to the manager by assuming challenging tasks without fear of the consequences of failure. The level of
trust between a dyad is therefore expected to positively influence the level of the employee’s engagement through enhanced psychological meaningfulness.

In addition to the willingness to assume challenging tasks, the level of trust between a dyad also influences the extent of the employee’s perception of organizational support (Konovsky, 2000; Konovsky & Pugh, 1994). Perceived organizational support entails employees’ perception that the organization seeks their well-being by providing them with the tools and resources necessary for successful task performance (Rhoades & Eisenberger, 2002). Employees perceive organizational support through the actions of the organization’s agents—managers (Konovsky, 2000). Research shows that, the level of trust between a dyad influences the employee’s level of perceived organizational support (Konovsky, 2000; Konovsky & Pugh, 1994).

High employee perception of organizational support has been linked with psychological safety (Agarwal, 2014; Kahn, 1990; Rich et al., 2010). Employees are psychologically safe when they trust that their managers will provide them with feedback and other resources necessary for successful task completion (Castanheira & Chambel, 2010; Saks, 2006). The level of trust between a dyad therefore positively impacts the employee’s level of work engagement through perceived organizational support and psychological safety (Castanheira & Chambel, 2010; Gruman & Saks, 2011; Saks, 2006).

Lastly, employees’ trust in their leaders has been positively associated with psychological availability (Kahn, 1990; Rich et al., 2010). Psychological availability is driven by an employee’s core self-evaluations (Kahn, 1990; Rich et al., 2010). Employees evaluate themselves positively when they feel they have the self-efficacy to attain performance goals (Bandura, 2013). In a high-trusting dyadic relationship, the manager develops a high quality relationship with the employee.
by coaching and mentoring the employee (Rockstuhl et al., 2012; Uhl-Bien, Maslyn, & Ospina, 2012). Through the coaching and mentoring, the manager paints positive and optimistic pictures about the future to the employee and elevates the employee’s self-efficacy (Goodwin, Whittington, Murray, & Nichols, 2011; Rockstuhl et al., 2012; Whittington, Goodwin, & Murray, 2004). The enhanced self-efficacy, in turn, increases the employee’s core self-evaluations and psychological availability (Rich et al., 2010). The level of trust between a dyad is therefore expected to influence the employee’s level of engagement through psychological availability.

In sum, a high level of trust between a dyad enhances the performance management process and increases the employee’s level of engagement. Based on this literature, the level of trust an accountant has in his or her manager is expected to influence the performance management process and the accountant’s level of engagement. This research will therefore investigate the following hypothesis:

**Hypothesis 3**: High levels of accountants’ trust in their leaders will strengthen the relationship between the enhanced performance management model and the level of engagement of accountants.

### 2.5.2 The full range leadership paradigm

The level of trust between a manager and his or her employees provides a relational context that may enhance the relationship between the organization’s performance management system and the level of employee engagement. Another important contextual factor that impacts the performance management and engagement relationship is the behavior of the manager. Griffin (1982) argues that an employee’s manager creates the connection between the employee and the
organization. The manager’s role as the conduit between the organization and the employee makes the manager’s behavior crucial to the success of the performance management process (Asare et al., 2017).

Effective leaders exhibit behaviors that create settings to make employees feel valued. Research has established that the most effective leaders utilize a full-range of leadership behaviors that includes elements of both transactional and transformational leadership (Avolio, 2010; Bass & Riggio, 2006). Effective, full range leadership constitutes five leadership behaviors: idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, and contingent rewards (Avolio, 2010; Bass & Riggio, 2006).

The first four leadership behaviors—i.e., idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration are together referred to as transformational leadership behaviors (Avolio, 2010; Bass & Riggio, 2006). In idealized influence, the transformational leader acts a role model for ethical conduct, resulting in the admiration, respect, and trust of his or her followers (Avolio, Bass, & Jung, 1999). The transformational leader considers his or her followers’ needs over his or her own needs to obtain idealized influence over his or followers (Avolio, 2010). Inspirational motivation entails creating a clear sense of purpose that is energizing to the transformational leader’s followers (Avolio et al., 1999). The transformational leader paints pictures of optimism and displays enthusiasm to provide meaning and challenge to motivate and inspire his or her followers (Avolio, 2010).

Intellectual stimulation entails getting the transformational leader’s followers to question tried and tested ways of completing tasks and coming up with ways to improve those processes (Avolio, et al., 2009). The transformational leader encourages his or her followers to question
assumptions, reframe problems, and apply new perspectives to address existing problems to intellectually stimulate his or her followers (Avolio, 2010). Individualized consideration involves the leader’s efforts in understanding the needs of his or her followers and developing the followers to their full potentials (Avolio et al., 1999). The transformational leader acts as coach, mentor, teacher, facilitator, confidant, and counselor in attending to the needs of and developing his or her followers (Avolio, 2010).

Contingent reward behaviors are identified as a component of transactional leadership (Avolio, 2006; Bass & Riggio, 2006). Contingent reward is focused upon clarifying the expectations of followers and what followers will receive upon completion of expected tasks (Avolio et al., 2009). The leader assigns or agrees with followers on what needs to be done and promises or rewards followers when tasks are completed in contingent reward behaviors (Avolio, 2010). Because of its focus on clarifying job expectations and subsequent rewards, contingent rewards are the constructive aspects of transformational leadership behaviors (Avolio, 2010).

2.5.2.1 Contingent reward behaviors. Transactional leadership is easily identifiable in organizational settings because it involves the relatively concrete act of identifying performance requirements and clarifying the conditions under which rewards are available for meeting these requirements. Contingent reward behavior refers to the intentional and explicit efforts made by the leader to clarify expectations so that followers will understand what they need to do in order to receive rewards (Densten, 2006; Podsakoff et al., 1990; Waldman, Bass, & Yammarino, 1990). Contingent reward behavior is a form of exchange between the leader and the follower (employee) (Densten, 2006). The leader exchanges contingent rewards for effort (motivation) from the employee (Densten, 2006; Podsakoff et al., 1982).
To ensure goal attainment, the leader clarifies goal requirements for the employee. These behaviors are captured by the contingent reward dimension of the full-range model of leadership. The manager clarifies goal expectations by laying out what employees need to do and how to perform associated tasks for successful goal attainment (Avolio, 2010; Podsakoff et al., 1990; Waldman et al., 1990). In addition, the manager specifies what the employee will receive upon goal attainment (Avolio, 2010; Podsakoff et al., 1990; Waldman et al., 1990). Upon adequate completion of tasks, the manager rewards the employee based upon the employee’s performance in comparison to the expected performance (Avolio, 2010; Podsakoff et al., 1990; Waldman et al., 1990).

The manager’s corrective actions in the form of punishments, contingent upon employee performance, have also been suggested to influence employee attitudes and behaviors in organizations (Arvey & Ivancevich, 1980; Podsakoff et al., 1982; Sims, 1980). Punishment is defined as the presentation of an aversive event or the removal of a positive event following a response which decreases the frequency of that response (Arvey & Ivancevich, 1980, p. 123).

Punishments can occur in two ways: presentation of aversive event after a response and the removal of positive outcomes or reinforcers after a response has been made (Arvey & Ivancevich, 1980). In organizations, aversive responses serve to punish or minimize the events that led to the aversive response (Arvey & Ivancevich, 1980). Aversive responses also serve to warn off employees or create the impression that negative consequences exist for committing unwarranted actions (Arvey & Ivancevich, 1980). Punishment in the form of removal of positive outcomes occur when unwarranted actions have been performed by employees (Arvey & Ivancevich, 1980). This group of punishments may be in the form of withdrawal of privileges, being ignored, or not
being considered for a promotion for committing an undesired or unwarranted act (Arvey & Ivancevich, 1980).

Two factors influence the effectiveness of punishments—timing and intensity. Punishments are generally effective when they are applied right after the occurrence of the undesirable or unwanted incident (Arvey & Ivancevich, 1980). Waiting a week or more after the occurrence of an incident before applying a punishment is generally ineffective (Arvey & Ivancevich, 1980). Punishments are effective when they are moderately intense. Applying punishments that are too weak is unlikely to let serious offenders learn their lessons, rendering the punishment ineffective (Arvey & Ivancevich, 1980). Equally ineffective are punishments that are too strong. Punishments that are too intense create anxiety and prevents employees from learning by doing (Arvey & Ivancevich, 1980).

2.5.3 Managerial contingent reward behavior and the performance management-engagement connection

Transactional and transformational leadership are complimentary sets of leader behaviors that have been consistently associated with a variety of positive attitudes and behaviors (Avolio, 2010; Bass and Riggio, 2006; Whittington et al., 2009). Through the contingent reward process, the leader creates a compact of expectations and mutual understanding between him or her and the follower (Avolio, 2010). This compact of expectations forms an explicit psychological contract that followers use to evaluate the consistency and trustworthiness of their leader (Goodwin, Wofford, & Whittington, 2001). The clarification of roles, performance expectations, and rewards
for meeting these expectations enhances employee performance and commitment to the organization (Goodwin, Bowler, & Whittington, 2009; Preslee et al., 2013).

When used together, constructive and correctional transactional leadership behaviors can accomplish the leader’s goals and satisfy the followers’ interests (Avolio, 2010). Constructive exchanges clarify expectations and identify the linkages between performance and rewards (Avolio, 2010). If done properly, constructive exchanges form the standards by which followers will evaluate the consistency and trustworthiness of their leader (Avolio, 1999). Conversely, corrective transactions focus on creating a desired change in behavior, cooperation, or attitude. These transactions are somewhat negative in that they clarify what must be done to avoid censorship, reproof, punishment, or other disciplinary actions (Avolio, 1999). However, in high-risk jobs such as healthcare, firefighting, and manning of nuclear plants, corrective exchanges serve good purposes (Avolio, 2010).

Both constructive and corrective transactions are important to the effectiveness of transactional leaders. As transactional leaders honor constructive agreements and consistently apply corrective measures, their followers are better able to develop perceptions about the consistency of their behaviors and the likelihood that they will meet their leaders’ expectations. As such, the recognition of transactional behaviors by followers is important for a productive, trusting relationship.

The impact of contingent reward behavior is documented in the literature. In a study to investigate the effects of leader contingent reward and punishment behavior, Podsakoff et al. (1982) found contingent rewards to promote employee satisfaction and task performance. Contingent punishments were found not to influence follower satisfaction nor task performance.
Asare et al. (2017) and Whittington et al. (2017) found positive associations between leader contingent reward behavior and employee job satisfaction, organizational commitment, and engagement. Contingent reward behaviors and effective performance management were also found to be positively linked (Asare et al., 2017; Whittington et al., 2017).

Based on the above literature, leader contingent reward behaviors are expected to enhance the impact of effective performance management on the level of engagement of accountants. This research will therefore investigate the following hypothesis:

**Hypothesis 4**: Contingent reward leadership behaviors will strengthen the relationship between enhanced performance management and the engagement of accountants.
CHAPTER 3

METHOD

3.1 Overview

I conducted a cross-sectional field study to investigate the relationships among enhanced performance management (EPMNG), engagement, job satisfaction, and affective commitment of accountants. I also investigated the moderating impacts of employee trust in the leader and the contingent reward behaviors of the manager on the relationship between EPMNG and the engagement of accountants. The choice of field study over other methods (laboratory experiment, experimental simulations, field experiment, formal theories, computer simulations, sample surveys, and judgment tasks) involves an evaluation of the trade-offs among precision, realism, and generalizability (McGrath, Martin, & Kulka, 1982).

I chose a field study over the other research strategies because my research questions involved issues surrounding the response of professional employees to various aspects of their work environment. While a field study lacks the precision and control provided in laboratory settings, it provides the contextual realism needed to investigate the variables of interest for this study (McGrath, Martin, & Kulka, 1982). Field studies allow the work outcomes (attitudes and behaviors) of actors (accountants, in this study) to be measured in real organizations (settings), thus making their results real (McGrath et al., 1982). These attributes of field studies were particularly appropriate for this study because they allowed real accountants to be studied to address the study’s research questions and hypotheses.
While I believe this strategy is the best choice for this study, I am aware that the lack of precision and control in field studies allows unmeasured variables (potential rival hypotheses) to impact my results. The various rival hypotheses that were not measured in the study include the HR value chain and other aspects of the work environment (e.g., team collaboration and coworker interaction required to get tasks accomplished). These variables may affect the observed outcomes and ultimately impact the results of the study. Although these variables could potentially change the results of the study, I chose to focus only on the impacts of the performance management system on employee engagement, job satisfaction, and organizational commitment. This limitation will be discussed in detail in chapter 5.

In general, field studies may have limited generalizability if they are based on observations that are made in a single organization or if the number of observations is relatively small. Although I focused on a specific employee group (accountants), I obtained data from a variety of organizational settings, where the participants occupy various positions in the organization. This strategy improves the generalizability of the results, despite the study’s relatively small number of observations (n=105).

In this research, CPAs and non-CPAs from industry and practice settings answered self-report and social-report survey questionnaires in a cross-sectional field study. The survey was conducted on the Qualtrics online platform, where the participants answered questions about various aspects of their work. In the self-report surveys, the participants answered questions about their level of engagement, trust in their managers, job satisfaction, and affective commitment. In the social-report surveys, the participants answered questions about the effectiveness of their organizations’ performance management systems and their manager’s contingent reward
behaviors. This field study approach allowed me to obtain information from practicing accountants about their attitudes and their perceptions of various aspects of their actual work environment.

The overall goal of this research is to develop and test an enhanced performance management framework as a tool for increasing engagement among accountants. To this end, this dissertation addresses three questions: first, how do organizational level practices influence the engagement of accountants? second, what managerial behaviors influence the engagement of accountants? and third, how do organizational level practices and managerial behaviors work together to promote engagement among accountants? Effectively addressing these research questions is best accomplished by assessing accountants as they perform their day-to-day tasks with minimal obtrusions (McGrath et al., 1982). Of the eight research strategies, the field study is the most appropriate approach.

3.2 Modes of Treatment

Due to the objective of this research—i.e., existential realism—, I neither controlled (mode K) nor experimentally manipulated (mode X) any variables. Each of the study’s constructs—i.e., EPMNG, engagement, job satisfaction, contingent reward behavior, trust in the leader, and affective commitment—was allowed to vary freely, and measured (mode Y). Field studies have relatively low levels of precision and control, and there are many factors that I intentionally did not include in my research design (mode Z). This is an inherent limitation of all field studies and may threaten the internal validity of my results. The subjects self-selected themselves to participate in the study so to some degree, there was randomization (mode R). All measures were obtained from the same source, so there was no need to match (mode M) any of the observations with
measures obtained from a different source. Obtaining all measures from the same source, however, creates the potential problem of common source variance, which will be addressed later in this chapter.

3.3 Data Collection Process

To effectively track the study’s participants, a survey link was sent to the participants through emails to introduce them to the survey. The introduction directed the participants to an online survey along with detailed instructions on how to complete the self and social-reports hosted on the Qualtrics survey platform. The survey link also contained detailed instructions on how to complete the survey as well as the time it takes to complete the survey.

In addition to asking the participants to complete the self and social-reports, the survey also asked them to provide some demographic information. The demographic information collected included: gender, CPA licensure status, practice setting, years of work experience, practice areas, education level, and birth group. The demographic questionnaires can be found in appendix A in the appendix section.

The introduction email provided the participants with information about their rights before, during, and after the survey. The email informed the participants that their participation was voluntary. They were assured that the study would inflict no mental or physical harm on them. Additionally, the participants were made aware that they could withdraw from the study at any time. Finally, the participants were informed of the rationale behind the research and were guaranteed of the confidentiality of their responses to the survey questions. To guarantee the participants’ confidentiality, the study did not require them to provide any information that could
be traced directly back to them (e.g., name, phone number, and email address). To encourage participation, the participants were given the opportunity to participate in a drawing to win one of fifteen $10 Amazon gift cards. The participants that opted to participate in the drawing were identified by a code generated by Qualtrics, from which their email addresses were obtained for the purposes of the drawing.

In order to access participants from industry, I identified a liaison at an energy company located in the southern United States. The liaison initially sent an introduction email to the participants to brief them about the study. After the liaison’s email, the survey was sent to one hundred and forty-one industry participants. Fifty participants responded to the survey, resulting in a thirty-five percent response rate. However, only thirty-nine out of the fifty fully responded to the question items, which resulted in an effective response rate of twenty-eight percent.

To collect data from the public accounting settings, I obtained an email list of accountants from a CPA listing company. The CPAs on the list were cross-checked with State Boards of Accountancy across the United States. Eighteen thousand, eight hundred, and ninety-seven (18,897) emails were sent to the participants. Most of the emails were returned (due to invalid email addresses) with only two hundred and eighteen people responding (one percent response rate). Of the two hundred and eighteen responses, only forty-four were full responses, resulting in an effective response rate of less than one percent.

Given the relatively low response rates from both the industry and the public accounting participants, a snowballing sampling method was used to increase the participation of the survey. Snowball sampling is a non-random sampling technique in which research participants nominate potential participants to be used in the research (Biernacki & Waldorf, 1981; Dudovskiy, 2016).
There are three snowballing sampling methods: linear snowballing sampling, exponential non-discriminative snowballing sampling, and exponential discriminative snowballing sampling. In linear snowballing sampling, only one participant is initially recruited, who then recruits the second participant (Dudovskiy, 2016). The second participant recruits the third participant and the process is repeated until the sample group is fully formed. In the exponential non-discriminate snowballing sampling, the first participant recruits multiple groups through referrals (Dudovskiy, 2016). Each new participant then recruits multiple participants until the sample is fully formed. As in exponential non-discriminative snowballing, the exponential discriminative snowballing sampling method recruits multiple potential participants at a time (Dudovskiy, 2016). However, only one new participant is selected from the multiple referrals at a time.

In this study, both the linear and exponential non-discriminate snowballing sampling methods were used to increase the number of participants. In the linear snowballing approach, I initially recruited an auditor of the energy company from which the accountants who participated in this study were recruited. The auditor then invited her fellow auditors to participate in the study. In the exponential non-discriminate snowballing approach, I recruited an auditor who works for a big-four accounting firm. The auditor then invited multiple groups of accountants and auditors to participate in the study.

Though snowballing is an easy way to build participants in a study, it has been criticized for oversampling a particular network of peers, which can result in bias (Biernacki & Waldorf, 1981; Dudovskiy, 2016). To control oversampling, only thirty-three participants were recruited through the snowballing technique in this study. Of the thirty-three participants, twenty-two fully
responded to the survey, resulting in a sixty-seven percent response rate. The data collection techniques resulted in a total sample of 105 accountants who participated in the study.

3.4 Subjects

One hundred and five (n=105) accountants from industry and public accounting settings participated in the field study. The profile of this sample is summarized in Table 3.1. Fifty percent (n=53) of the participants were from industry settings, and the remaining fifty percent (n=52) were from public accounting settings. Sixty-two percent (n=65) were CPAs and twenty-four percent (n=25) had no accounting certification. The remaining fourteen percent (n=15) had various accounting-related certifications other than CPA (certified internal auditor, n=1; chartered financial analyst, n=1; chartered global management accountant, n=1; non-specified certifications, n=12). Sixteen percent (n=17) were from audit and assurance, twenty-four percent (n=25) were from general accounting, and thirty percent (n=31) were from taxation. The remaining thirty percent (n=32) were from other practice areas (consulting, n=4; financial reporting, n=4; planning, n=8; unspecified, n=16).

Thirty-nine percent (n=41) had bachelor’s degree, fifty-nine percent (n=62) had master’s degree, and the remaining two percent (n=2) had doctorate degrees. Seventy-nine percent of the accountants (n=83) had over ten years of work experience and eleven percent (n=12) had between five to ten years of work experience. Of the remaining ten percent, seven percent (n=7) had between three to five years of work experience and three percent (n=3) had between one to three years of work experience. The participants represented a cross section of generational cohorts.
Forty-two percent (n=44) of the participants were baby boomers, twenty-seven percent (n=28) were Gen Xers, and thirty-three percent (n=33) were millennials.

Table 3.1

Demographic Information of Subjects

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<tr>
<td>Total</td>
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3.5 Measures

3.5.1 Dependent variable.

Engagement is concerned with employees bringing themselves physically, emotionally, and cognitively to work. In this study, engagement was measured with an 18-item scale developed by Rich et al. (2010). The Rich et al. (2010) scale measures engagement from three dimensions (physical, affective, and cognitive engagement) as suggested by the Kahn (1990, 1992) framework of engagement. Each of the three engagement dimensions were measured with six items on a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The full engagement items can be found in appendix B in the appendix section.

Physical engagement is concerned with exerting physical energies at work. Physical engagement was assessed with six question items such as “I work with intensity on my job,” “I exert my full effort to my job,” and “I devote a lot of energy into my job.” The physical engagement subscale had a reliability (Cronbach’s alpha) of 0.94, with a mean of 4.31 (SD = 0.928).

Affective engagement refers to the amount of pleasantness and enthusiasm employees experience at work. Affective engagement was assessed with six question items such as “I am enthusiastic in my job,” “I feel energetic at my job,” and “I am interested in my job.” The affective engagement subscale had a reliability of 0.97, with a mean of 4.15 (SD = 1.04).

Cognitive engagement is concerned with the intensity of employees’ concentration during task performance. Cognitive engagement was measured with six question items such as “At work, my mind is focused on my job,” “At work, I pay a lot of attention to my job,” and “At work, I
focus a great deal of attention on my job.” The cognitive engagement subscale had a reliability of 0.95, with a mean of 4.36 (SD = 0.87).

Because there was no differentiation in my hypotheses among the physical, affective, and cognitive engagement subscales, a total (global) score for engagement was created by averaging the responses for the three dimensions (Rich et al., 2010; Whittington et al., 2017). The global engagement scale had a reliability of 0.95, with a mean of 4.27 (SD = 0.78).

3.5.2 Independent variable.

Enhanced performance management relates to the extent to which the organization plans, evaluates, and contributes to the improvement of employee performance. To capture the full set of activities involved in the performance management process (planning, implementation, evaluation, and consequence), I created a nineteen-item scale for this study. This comprehensive scale is based on subscales adapted from Borgogni and Russo (2013), Burney and Widener (2007; 2013), Kinicki et al. (2013), and Whittington et al. (2017). Participant responses were recorded on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) for each phase of the performance management process. Each of the adapted subscales of the enhanced performance management scale has been rigorously tested and validated. Borgogni and Russo (2013), Burney and Widener (2007), Kinicki et al. (2013), and Whittington et al. (2017) all reported reliabilities greater than 0.8 for the adapted subscales.

The nineteen-item enhanced performance management scale assesses the effectiveness of the performance management process in three dimensions: planning-implementation, evaluation, and consequence. The first dimension (planning-implementation) is concerned with setting clear
specific, and difficult goals for employees and providing them with expectations-based feedback
during task performance. The performance planning-implementation dimension uses eight items
to assess the effectiveness of the performance planning and implementation phases of the
performance management process. Sample performance planning items are “I will be able to
achieve most of the goals that I have set for myself,” and “my goals are such that I often have to
push myself to attain them.” Sample performance implementation items are “I usually feel that I
have an effective action plan for reaching my goals,” and “I strive to achieve my goals even when
I’m faced with obstacles.” Responses to the eight items were averaged to arrive at a total
performance planning-implementation score. The planning-implementation subscale had a
reliability of 0.91, with a mean of 4.2 (SD = 0.8).

The second dimension (performance evaluation) is concerned with the manager assessing
the employee’s performance according to the agreed-upon performance goals set at the planning
stage. The performance evaluation dimension uses five items to assess the effectiveness of the
performance evaluation phase of the performance management process. Sample performance
evaluation items are “performance appraisal sessions are based on objectives set in the
performance planning session,” and “performance appraisal sections use metrics that are
appropriate to evaluate my individual performance.” Responses to the five items were averaged to
arrive at a total performance evaluation score. The performance evaluation subscale had a
reliability of 0.89, with a mean of 3.68 (SD = 1.07).

The third dimension (performance consequence) is concerned with the manager rewarding
the employee based upon how well the employee met his or her performance goals. The
performance evaluation dimension uses six items to assess the effectiveness of the performance
consequence phase of the performance management process. Sample performance consequence items are “my boss rewards good performance,” and “I get credit when I attain my goals.” Responses to the six items were averaged to arrive at a total performance evaluation score. The performance consequence subscale had a reliability of 0.90, with a mean of 4.03 (SD = 1.01).

In creating the enhanced performance management scale, I performed exploratory and confirmatory factor analyses. The objective of the exploratory factor analysis was to assess how the items for the four-proposed enhanced performance management phases—i.e., planning, implementation, evaluation, and consequence—load for the enhanced performance management scale. In the exploratory factor analyses, I evaluated the results by examining Eigenvalues, and through a systematic process of over and under factoring to determine the underlying structure of the scale. Using the Eigenvalue technique, I initially subjected thirty-eight items (nine for performance planning, seventeen for implementation, six for evaluation, and six for consequences) to exploratory factor analysis. I selected factor loadings greater than 0.4 with Eigenvalues greater than 1 as subscales for the enhanced performance management scale. Only factor loadings and Eigenvalues that explained more than 40% of the cumulative variance of their items were selected as subscales for the enhanced performance management scale. The ‘Total Variance Explained’ and ‘Pattern Matrix’ features of the SPSS statistics software were used to confirm these statistics.

Results of the initial exploratory factor analysis indicated three possible factors for the enhanced performance management scale based on three Eigenvalues identified as greater than 1. The first factor composed of three planning and five implementation items that loaded together as one subscale. The second factor composed of all six consequence items that loaded together as one subscale. The third factor composed of five evaluation items that loaded together as one subscale.
The remaining seventeen items cross loaded among themselves with loadings less than 0.4 and Eigenvalues less than 1, which indicated possible emergence of additional factors.

Using the over-and-under factoring technique, I forced the question items to load under two, four, five, and six factors. Each of these operations resulted in a three-factor solution. The idea behind the forced factor loadings was to determine whether four factors will emerge as originally conceived for the enhanced performance management model in chapter 2. Based on the consistent three-factor loadings, I eliminated the items that cross loaded among themselves and ran the exploratory factor analysis again, without applying the over-and-under factoring technique. Still, the result was a three factor-solution with the three planning and five implementation items loading under one factor. All six consequence items loaded again under one factor and the five evaluation items loaded again under one factor. The results of these analyses indicated that the planning and implementation phases are integrated. Therefore, I developed a total planning-implementation subscale by taking an average from across the planning and implementation items. Table 3.2 reports the exploratory factor analysis of the enhanced performance management scale, which illustrates the integration of performance planning and implementation loadings under one factor.
Table 3.2

Results of the exploratory factor analysis of the enhanced performance management scale

<table>
<thead>
<tr>
<th>Factor</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>10.126</td>
<td>53.347</td>
<td>53.347</td>
</tr>
<tr>
<td>3</td>
<td>1.031</td>
<td>5.427</td>
<td>58.705</td>
</tr>
<tr>
<td>4</td>
<td>0.642</td>
<td>3.303</td>
<td>73.606</td>
</tr>
<tr>
<td>5</td>
<td>0.576</td>
<td>3.555</td>
<td>77.753</td>
</tr>
<tr>
<td>6</td>
<td>0.421</td>
<td>3.263</td>
<td>80.432</td>
</tr>
<tr>
<td>7</td>
<td>0.492</td>
<td>2.531</td>
<td>93.623</td>
</tr>
<tr>
<td>8</td>
<td>0.437</td>
<td>2.300</td>
<td>95.923</td>
</tr>
<tr>
<td>9</td>
<td>0.496</td>
<td>2.190</td>
<td>87.512</td>
</tr>
<tr>
<td>10</td>
<td>0.356</td>
<td>1.872</td>
<td>88.386</td>
</tr>
<tr>
<td>11</td>
<td>0.343</td>
<td>1.803</td>
<td>90.186</td>
</tr>
<tr>
<td>12</td>
<td>0.301</td>
<td>1.585</td>
<td>91.771</td>
</tr>
<tr>
<td>13</td>
<td>0.253</td>
<td>1.383</td>
<td>94.157</td>
</tr>
<tr>
<td>14</td>
<td>0.226</td>
<td>1.162</td>
<td>95.339</td>
</tr>
<tr>
<td>15</td>
<td>0.210</td>
<td>1.103</td>
<td>96.442</td>
</tr>
<tr>
<td>16</td>
<td>0.188</td>
<td>0.919</td>
<td>97.434</td>
</tr>
<tr>
<td>17</td>
<td>0.180</td>
<td>0.945</td>
<td>98.379</td>
</tr>
<tr>
<td>18</td>
<td>0.161</td>
<td>0.850</td>
<td>99.229</td>
</tr>
<tr>
<td>19</td>
<td>0.147</td>
<td>0.771</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Axis Factoring.
1. When factors are correlated, squared loadings cannot be added to obtain a total variance.

Pattern Matrix

<table>
<thead>
<tr>
<th>Question Item</th>
<th>Planning Implementation</th>
<th>Consequence</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPMING_IMP12</td>
<td>0.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP3</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP5</td>
<td>0.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP11</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP7</td>
<td>0.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP1</td>
<td>0.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP9</td>
<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_IMP3</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_CON1</td>
<td>0.36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_CON5</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_CON6</td>
<td>0.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_CON3</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_CON4</td>
<td>0.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_CON2</td>
<td>0.59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_EVA5</td>
<td>0.30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_EVA4</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_EVA3</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_EVA2</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPMING_EVA1</td>
<td>0.44</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Axis Factoring.
1. Rotation converged in 6 iterations.
To confirm the three-factor enhanced performance management scale, I performed a confirmatory factor analysis using structural equation modelling with SPSS-AMOS (reported in Table 3.3). As reported in Table 3.3, the $X^2$ is 152.34, $p > 0.05$; TLI is 0.980; RMSEA is 0.038; and CFI is 0.984. A $X^2$ greater than 0.5, TLI greater than 0.9, RMSEA less than 0.1, and CFI greater than 0.9 indicate a valid global multidimensional enhanced performance management scale model (Blunch, 2013; Byrne, 2010; Whittington, Meskelis, Asare, & Beldona, 2017). Based on these analyses, I proceeded with a 19-item multidimensional scale that encompassed all the facets of the performance management process. Figure 3.1 displays the structural model of the multidimensional enhanced performance management scale.
Although the factor analyses established a multidimensional enhanced performance management scale, this study did not test separate hypotheses for the individual phases of the performance management process. Responses to the nineteen items were therefore averaged to
arrive at a global unidimensional enhanced performance management scale. To validate the global unidimensional scale statistically, I subjected all the nineteen items to a confirmatory factor analysis using structural equation modeling with SPSS-AMOS (Rich et al., 2010; Whittington et al., 2017). The validation of the unidimensional global scale was based upon $X^2$, 131.103, $p > 0.05$; TLI, 0.983; RMSEA, 0.036; and CFI, 0.988 as shown in Table 3.3.

Table 3.3

Results of the exploratory factor analysis of the enhanced performance management scale

<table>
<thead>
<tr>
<th>Multi-dimensional Scale</th>
<th>Unidimensional Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMSEA</td>
<td>TLI</td>
</tr>
<tr>
<td>0.036</td>
<td>0.983</td>
</tr>
</tbody>
</table>

These fit statistics indicate a well-fitted unidimensional scale model (Hu & Bentler, 1998; Rich et al., 2010). The unidimensional enhanced performance management scale had a reliability of 0.95, with a mean of 4.00 (SD = 0.73). Figure 3.2 displays the structural model of the unidimensional enhanced performance management scale. The full enhanced performance management items can be found in appendix C in the appendix section.
Figure 3.2. Structural model of the unidimensional enhanced performance management scale.
3.5.3 Moderating variables.

Two variables were examined as moderators of the relationship between performance management and employee engagement: trust in the leader and managerial contingent reward behaviors. Trust in the leader refers to the extent to which an employee is willing to be vulnerable to his or her leader with the expectation that the leader will defend the employee’s interests. Trust in the leader was measured with six items developed by Podsakoff et al. (1990) on a 7-point Likert scale, ranging from 1 (Strongly Disagree) to 7 (Strongly Agree). Sample items are "I feel quite confident that my leader will always treat me fairly," and “I would support my leader in almost any emergency.” An overall trust score was obtained by averaging across the six items. The trust scale had a reliability of 0.89, with a mean of 5.76 (SD = 1.07). The full list of the trust items can be found in appendix D in the appendix section.

Contingent reward behavior is concerned with the extent to which a manager uses behaviors such as clarifying performance expectations, providing expectations-based feedback, and clarifying the outcomes for meeting the performance expectations. Contingent reward behavior was assessed with four items developed by Podsakoff et al. (1990) on a 7-point Likert scale, ranging from 1 (Strongly Disagree) to 7 (Strongly Agree). Some of the items are “my manager always gives me positive feedback when I perform well,” “my manager gives me special recognition when my work is very good,” and “my manager commends me when I do a better than average job.” I obtained an overall contingent reward score by averaging responses to the four items. The contingent reward scale had a reliability of 0.93, with a mean of 5.32 (SD = 1.28). The full list of the contingent reward items can be found in appendix E in the appendix section.
3.5.4 Outcome variables.

Two outcome variables were assessed in this study: job satisfaction and affective commitment. Job satisfaction refers to how well an employee is content with his or her job. Job satisfaction was measured with three items developed by Borgogni and Russo (2013), using a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Some of the job satisfaction items are “overall I am satisfied with my job,” and “most days I am enthusiastic about my work.” I obtained an overall job satisfaction score by averaging responses to the three items. The job satisfaction scale had reliability of 0.90, with a mean of 4.11 (SD = 0.92). The full list of the job satisfaction items can be found in appendix F in the appendix section.

Affective commitment is concerned with an employee’s willingness to stay in an organization and commit to its overall objectives. Affective commitment was measured with four items developed by Borgogni and Russo (2013) on a 5-point Likert scale, ranging from 1 (Strongly Disagree) with 5 (Strongly Agree). Some of the affective commitment items are “I feel a strong sense of belonging to my organization,” and “this organization has a great personal meaning to me.” I obtained an overall affective commitment score by averaging responses to the four items. The affective commitment scale had a reliability of 0.89, with a mean of 3.73 (SD = 0.62). The full list of the affective commitment items can be found in appendix G in the appendix section.
3.6 Common Source Variance Test

The measures used in this study were all obtained from the same source. Although some were self-reports and others were social-reports, the fact that the same individuals provided all the responses gave me concerns with the potential impact of common source variance. Common source variance is defined as “any artificial covariance between the predictor and criterion variable produced by the fact that the respondent providing the measure of these variables is the same” (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003: p. 882). Common source variance can bias the outcome of this study because in addition to the relationships among the variables being explained by theory, the participants answering the questions cause artificial relationships among the variables (Podsakoff et al., 2003; Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

To address these common source variance concerns, Harman’s single factor (or 1-factor) test was conducted in the study. The Harman’s single factor test assumes that, if a significant amount of common source variance exists in a study, an unrotated factor analysis of all the variables in the study will result in one of two outcomes (Podsakoff et al., 2003, 1990). The outcome will either be a single factor emerging from the factor analysis or a general factor explaining most (more than 50%) of the variance among the variables (Podsakoff et al., 2003). As reported in Table 3.4, nine factors emerged from an unrotated factor analysis of all the variables measured in this study. Of the nine factors, only one factor (factor number 1) generally explains the covariance among the study’s variables—i.e., engagement, EPMNG, job satisfaction, affective commitment, trust in the leader, and managerial contingent reward behavior. Factor number 1 explains only 38.247 % of the variance among the study’s variables. Based on these results, I conclude that there is no significant common source variance in the study’s data.
Table 3.4

Results of Harman’s single-factor test

<table>
<thead>
<tr>
<th>Factor</th>
<th>Total Variance</th>
<th>% of Total Variance</th>
<th>Cumulative %</th>
<th>Extraction Sums of Squared Variance</th>
<th>% of Extraction Sums of Variance</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>7.524</td>
<td>13.680</td>
<td>52.891</td>
<td>6.650</td>
<td>61.541</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>4.757</td>
<td>8.650</td>
<td>61.541</td>
<td>1.541</td>
<td>72.432</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2.547</td>
<td>4.632</td>
<td>66.173</td>
<td>1.052</td>
<td>74.532</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1.915</td>
<td>3.481</td>
<td>69.654</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>1.527</td>
<td>2.777</td>
<td>72.432</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>1.155</td>
<td>2.101</td>
<td>74.532</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>1.066</td>
<td>1.938</td>
<td>76.470</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>1.053</td>
<td>1.915</td>
<td>78.384</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.1 Correlation Among the Study’s Variables

Table 4.1 presents the means, standard deviations, and inter-correlations among EPMNG, job satisfaction, affective commitment, trust in the leader, and managerial contingent reward behavior. As expected, the correlations indicate that engagement is positively related to job satisfaction ($r = .807$, $p < .01$), affective commitment ($r = .568$, $p < .01$), and trust in the leader ($r = .305$, $p < .01$). In addition, EPMNG is positively related to engagement ($r = .584$, $p < .01$), job satisfaction ($r = .497$, $p < .01$), and affective commitment ($r = .477$, $p < .01$). EPMNG is also positively related to trust in the leader ($r = .482$, $p < .01$) and managerial contingent reward behavior (CR; $r = .419$, $p < .01$). Job satisfaction also is positively related to trust in the leader ($r = .256$, $p < .01$), managerial contingent reward behavior ($r = .245$, $p < .01$), and affective commitment ($r = .629$, $p < .01$). Affective commitment is positively related to trust in the leader ($r = .341$, $p < .01$) and managerial contingent reward behavior ($r = .308$, $p < .01$). Managerial contingent reward behavior is positively related to trust in the leader ($r = .716$, $p < .01$).
Means, standard deviation, and inter-correlations among the study’s variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Dev 1</th>
<th>Std. Dev 2</th>
<th>Std. Dev 3</th>
<th>Std. Dev 4</th>
<th>Std. Dev 5</th>
<th>Std. Dev 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Enhanced Performance Management</td>
<td>4.008</td>
<td>.703</td>
<td>.948</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Engagement</td>
<td>4.274</td>
<td>.780</td>
<td>.584**</td>
<td>.971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - Job Satisfaction</td>
<td>4.108</td>
<td>.923</td>
<td>.497**</td>
<td>.807**</td>
<td>.903</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 - Affective Commitment</td>
<td>3.730</td>
<td>.619</td>
<td>.477**</td>
<td>.568**</td>
<td>.629**</td>
<td>.903</td>
<td></td>
</tr>
<tr>
<td>5 - Trust in the Leader</td>
<td>5.756</td>
<td>1.069</td>
<td>.482**</td>
<td>.305**</td>
<td>.256**</td>
<td>.341**</td>
<td>.893</td>
</tr>
<tr>
<td>6 - Managerial Contingent Reward Behavior</td>
<td>5.321</td>
<td>1.282</td>
<td>.419**</td>
<td>.100</td>
<td>.245*</td>
<td>.308**</td>
<td>.716**</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).
Reliabilities are presented in the diagonal.

4.2 Tests of Hypotheses

In this study, I examined four main hypotheses. First, I examined the relationship between the presence of enhanced performance management practices (EPMNG) and the level of engagement of accountants (hypothesis 1). Second, I examined the mediating effects of engagement on the relationship between EPMNG and two work outcomes of accountants: job satisfaction and affective commitment (hypothesis 2). Third, I examined the moderating effects of trust in the leader on the relationship between EPMNG and the level of engagement of accountants (hypothesis 3). Finally, I examined the moderating effects of managerial contingent reward behaviors on the relationship between EPMNG and the level of engagement of accountants (hypothesis 4). The next paragraphs present the results of the tests of the four hypotheses.
4.2.1 EPMNG and the level of engagement of accountants

To test hypothesis 1, the SPSS statistical software was used to perform regression analyses with EPMNG as the independent variable and employee engagement as the dependent variable. As reported in Table 4.2 (a), the overall regression model is $f(1, 103) = 53.30$, $p < 0.001$, $R^2 = 0.34$, where 1 and 103 are the degrees of freedom. 53.30 is the f Change, $p < 0.001$ is the probability of the statistical significance of the model, and 0.34 is the variance in the level of engagement explained by enhanced performance management. As shown in Table 4.2 (c), the change in the level of engagement is given as $b = 0.65$, $t(103) = 7.30$, $p < 0.001$. This implies that for every unit increase in enhanced performance management, there is a 0.65-unit increase in the level of employee engagement. $p < 0.001$ implies that the relationship between enhanced performance management and engagement is statistically significant at the 95% confidence interval level. I therefore conclude that hypothesis 1 is supported.
Table 4.2

Regression model predicting employee engagement from the enhanced performance management framework

(a) Model Summary

<table>
<thead>
<tr>
<th></th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>.584a</td>
<td>.341</td>
<td>.335</td>
<td>.341</td>
<td>53.297</td>
<td>1</td>
<td>103</td>
<td>.000</td>
</tr>
</tbody>
</table>
| a. Predictors: (Constant), EPMNG  
| b. Dependent Variable: ENG |

(b) ANOVA

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>21.521</td>
<td>1</td>
<td>21.521</td>
<td>53.297</td>
</tr>
<tr>
<td>Residual</td>
<td>.1592</td>
<td>103</td>
<td>.404</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21.673</td>
<td>104</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| a. Dependent Variable: ENG  
| b. Predictors: (Constant), EPMNG |

(c) Coefficients

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized</th>
<th>t</th>
<th>Sig.</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.682</td>
<td>.360</td>
<td>4.655</td>
<td>0.000</td>
<td>0.957</td>
</tr>
<tr>
<td>EPMNG</td>
<td>0.647</td>
<td>0.089</td>
<td>0.584</td>
<td>7.300</td>
<td>0.000</td>
</tr>
<tr>
<td>a. Dependent Variable: ENG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2.2 Mediating effects of engagement

Tables 4.3 and 4.4 present the results of the regression models that I ran to analyze hypothesis two. The ‘PROCESS’ tool developed by Hayes (2013) was used to test for mediation as illustrated in Figure 4.1. EPMNG, accountants’ work outcomes (job satisfaction and affective commitment), and engagement were entered as independent, dependent, and mediator variables respectively in PROCESS. Afterwards, job satisfaction and affective commitment were separately predicted from enhanced performance management using mediation regression models. This
procedure allowed the study to determine the mediating effects of engagement on the relationship between EPMNG and the two organizational outcomes. Three regression models were tested for each mediation analysis with the following assumptions:

Model 1: EPMNG significantly predicts each of the two employee outcomes (without engagement in the model) in the total mediation effect (path $\beta_1$, Figure 4.1).

Model 2: EPMNG significantly predicts engagement in the first indirect mediation effect (path $\beta_2$, Figure 4.1).

Model 3: Engagement significantly predicts the two employee outcomes in the second indirect mediation effect (path $\beta_3$, Figure 4.1).

Model 3: EPMNG significantly predicts each of the two employee outcomes (with engagement in the model) but less strongly than in model 1 in the direct mediation effect (path $\beta_4$, Figure 4.1).

Based on the above regression assumptions and Figure 4.1, I expect full mediation when four criteria are met. First, $\beta_1$ (effect size) > $\beta_4$ (Baron & Kenny, 1986b; Bobko, 2001; Field, 2013; Hayes, 2013). Second, $\beta_4$ is zero (or close to zero) (Baron & Kenny, 1986b; Field, 2013; Hayes, 2013). Third, the t-statistic of EPMNG in model 3 is statistically non-significant (Baron & Kenny, 1986; Field, 2013; Hayes, 2013). Fourth, the range of values that estimates the $\beta$s of the indirect effects does not contain zero (0). This is because zero (0) effect sizes indicate that the effect of a predictor (or mediator) is statistically insignificant (Baron & Kenny, 1986; Field, 2013). Thus, I confirm mediation when the bootstrap confidence intervals of the $\beta$s of the indirect effects do not contain zero (0) in model 1 but contain zero (0) in model 3 (Field, 2013).
Figure 4.1. Statistical models for testing the mediating effects of engagement on the relationship between enhanced performance management practices and accountants’ work outcomes.

4.2.2.1 Results of hypothesis 2a. From Table 4.3, EPMNG significantly predicts job satisfaction in regression model 1 (Figure 4.1; total effect); \( p < 0.01 \) for the \( f \)-statistic, \( \beta = 0.65 \), \( p < 0.01 \) for the \( t \)-statistic, \( R^2 = 0.50 \). Additionally, EPMNG significantly predicts engagement in regression model 2 (Figure 4.1; first indirect effect); \( p < 0.01 \) for the \( f \)-statistic, \( \beta = 0.65 \), \( p < 0.01 \) for the \( t \)-statistic, \( R^2 = 0.34 \). Lastly, unlike the case in regression model 1, EPMNG does not significantly predict job satisfaction in regression model 3 (direct effect).

EPMNG’s inability to significantly predict job satisfaction in regression model 3 is interpreted in terms of the four mediation criteria stated above. First, the effect size of EPMNG’s prediction of job satisfaction in regression model 3 is only 0.05, compared to 0.65 in regression
model 1 (criterion 1). This observation implies that EPMNG is more effective in predicting job satisfaction in regression model 1 (when engagement, the mediator, is absent) than in regression model 3 (when engagement is present) (Bobko, 2001; Field, 2013). Second, the effect size of EPMNG’s prediction of job satisfaction in regression model 3 (0.05) is relatively closer to zero than that in regression model 1 (0.65) (criterion 2).

Third, the p value of the relationship between EPMNG and job satisfaction in regression model 3 is $p > 0.10$, compared to $p < 0.001$ in regression model 1 (criterion 3). This observation implies that, although the relationship between EPMNG and job satisfaction in regression model 1 is statistically significant, the relationship is statistically insignificant in regression model 3 (Bobko, 2001; Field, 2013).

Fourth, the bootstrap confidence interval for predicting job satisfaction from EPMNG in regression model 3 is between -0.25 and 0.25, compared to between 0.21 and 1.09 in regression model 1 (criterion 4). This observation implies that EPMNG predicts job satisfaction in regression model 3 less strongly than in regression model 1. This is because at the 95% confidence interval, the true value of $\beta$ (effect size) falls between -0.25 and 0.25 in regression model 3 for the indirect effect of EPMNG on job satisfaction. However, the true value of $\beta$ (effect size) falls between 0.21 and 1.09 for the indirect effect of EPMNG on job satisfaction in regression model 1. This observation indicates that the confidence interval for predicting job satisfaction from EPMNG includes zero (0) in regression model 3 but does not include zero (0) in regression model 1.

In summary, the relationship between EPMNG and job satisfaction in the presence (and absence) of engagement meets all the four mediation criteria. I therefore conclude that hypothesis 2a is supported.
Table 4.3

**Mediating effects of engagement on the relationship between enhanced performance management practices and job satisfaction of accountants**

<table>
<thead>
<tr>
<th>H2a</th>
<th>Antecedent</th>
<th>Consequent</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
<th>Coeff.</th>
<th>SE</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EPMNG</td>
<td>Engagement</td>
<td>.647</td>
<td>.174</td>
<td>.000</td>
<td>.051</td>
<td>.150</td>
<td>.735</td>
<td>.552</td>
<td>.223</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>Engagement</td>
<td>Engagement</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>.923</td>
<td>.110</td>
<td>.000</td>
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<td>--</td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td></td>
<td>1.662</td>
<td>.736</td>
<td>.024</td>
<td>-.067</td>
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<td>-.159</td>
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<td></td>
<td>R²</td>
<td>.341</td>
<td></td>
<td></td>
<td>.852</td>
<td>.496</td>
<td></td>
<td>.496</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>p</td>
<td>.000</td>
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<td>.060</td>
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<td></td>
<td>.004</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>BootLLCI</td>
<td>.302</td>
<td></td>
<td></td>
<td>-.246</td>
<td>.210</td>
<td></td>
<td>.210</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>BootULCI</td>
<td>.992</td>
<td></td>
<td></td>
<td>.347</td>
<td>1.99</td>
<td></td>
<td>1.99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4.2.2.1 Results of hypothesis 2b.

From Table 4.4, EPMNG significantly predicts affective commitment in regression model 1 (Figure 4.1; total effect); p < 0.01 for the f-statistic, β = 0.42, p < 0.01 for the t-statistic, R² = 0.48. Additionally, EPMNG significantly predicts engagement in regression model 2 (Figure 4.1; first indirect effect); p < 0.01 for the f-statistic, β = 0.65, p < 0.01 for the t-statistic, R² = 0.34. Lastly, unlike the case in regression model 1, EPMNG does not significantly predict affective commitment in regression model 3 (direct effect).

EPMNG’s inability to significantly predict affective commitment in regression model 3 is interpreted in terms of the four mediation criteria. First, the effect size of EPMNG’s prediction of affective commitment in regression model 3 is only 0.19, compared to 0.65 in regression model 1 (criterion 1). This observation implies that EPMNG is more effective in predicting affective commitment in regression model 1 (when engagement is absent) than in regression model 3 (when engagement is present) (Bobko, 2001; Field, 2013). Second, the effect size of EPMNG’s prediction of affective commitment in regression model 3 (0.19) is relatively closer to zero than that in regression model 1 (0.65) (criterion 2).
Third, the p value of the relationship between EPMNG and affective commitment in regression model 3 is $p > 0.10$, compared to $p < 0.001$ in regression model 1 (criterion 3). This observation implies that, although the relationship between EPMNG and affective commitment in regression model 1 is statistically significant, the relationship is statistically insignificant in regression model 3 (Bobko, 2001; Field, 2013).

Fourth, the bootstrap confidence interval for predicting affective commitment from EPMNG in regression model 3 is between $-0.04$ and $0.43$, compared to between $0.18$ and $0.66$ in regression model 1 (criterion 4). This observation implies that EPMNG predicts affective commitment in regression model 3 less strongly than in regression model 1. This is because at the 95% confidence interval, the true value of $\beta$ (effect size) falls between $-0.04$ and $0.43$ in regression model 3 for the indirect effect of EPMNG on affective commitment. However, the true value of $\beta$ (effect size) falls between $0.18$ and $0.66$ for the indirect effect of EPMNG on affective commitment in regression model 1. I therefore conclude that hypothesis 2b is supported.

Table 4.4

Mediating effects of engagement on the relationship between enhanced performance management practices and affective commitment of accountants

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Coeff</th>
<th>SE</th>
<th>$p$</th>
<th>Coeff</th>
<th>SE</th>
<th>$p$</th>
<th>Coeff</th>
<th>SE</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPMNG</td>
<td>0.441</td>
<td>0.276</td>
<td>0.06</td>
<td>0.194</td>
<td>0.116</td>
<td>0.104</td>
<td>0.426</td>
<td>0.122</td>
<td>0.000</td>
</tr>
<tr>
<td>Engagement</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>0.350</td>
<td>0.297</td>
<td>0.000</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Constant</td>
<td>1.682</td>
<td>0.736</td>
<td>0.024</td>
<td>1.480</td>
<td>0.368</td>
<td>0.000</td>
<td>2.047</td>
<td>0.596</td>
<td>0.000</td>
</tr>
</tbody>
</table>

$R^2$ 0.596 0.477
$p$ 0.000 0.000
BootLLCI 0.302 -0.040 0.177
BootULCI 0.952 4.28 5.83
4.2.3 Trust in the leader and the EPMNG-engagement connection

The results of the moderating effects of trust in the leader on the relationship between EPMNG and Engagement are presented in Table 4.5. I hypothesized in hypothesis 3 that the relationship between EPMNG (antecedent) and engagement (consequent) will be enhanced (moderated) by trust in the leader. Moderation was tested by performing forced-entry regression of trust in the leader, EPMNG, and their interaction term to predict engagement using ‘PROCESS’ (Hayes, 2013). The forced-entry method, unlike the stepwise methods, prevents the independent variables from being affected by random variations from each other (Field, 2013). To make the parameters of the interaction term interpretable (Field, 2013), the grand mean centering method was used to center engagement (independent variable). Hypothesis 3 is supported if the β of the interaction term significantly predicts engagement (Bobko, 2001; Hayes, 2013).

As reported in Table 4.5, the β and t-statistics of the interaction term for hypothesis 3 are 0.14 and p > 0.1 respectively. The R² and change in R² due to the interaction term are 0.35 and 0.01 respectively. These statistics indicate that the interaction term is not statistically significant in predicting engagement (Field, 2013; Hayes, 2013). I therefore conclude that hypothesis 3 is not supported.
Interaction of enhanced performance management practices, trust in the leader, and managerial contingent reward behavior

4.2.4 Contingent rewards and the EPMNG-engagement connection

The results of the moderating effects of managerial contingent reward behavior on the relationship between EPMNG and Engagement are presented in Table 4.5. I hypothesized in hypothesis 4 that the relationship between EPMNG and engagement will be enhanced by managerial contingent reward behavior. Moderation was tested by performing forced-entry regression of managerial contingent reward behavior, EPMNG, and their interaction term to predict engagement using ‘PROCESS’. To make the parameters of the interaction term interpretable (Field, 2013), the grand mean centering method was used to center engagement. Hypotheses 4 is supported if the β of the interaction term significantly predicts engagement (Bobko, 2001; Hayes, 2013).

As reported in Table 4.5, the β and t-statistics of the interaction term for hypothesis 4 are 0.22 and p < 0.001 respectively. The $R^2$ and change in $R^2$ due to the interaction term are 0.43 and 0.06 respectively. These statistics indicate that the interaction term is significant in predicting
engagement (Field, 2013; Hayes, 2013). The positive $\beta$ suggests that managerial contingent reward behavior enhances the relationship between EPMNG and engagement (Field, 2013; Asare et al., 2017).

To confirm the above results, I analyzed slopes of the conditional effects of enhanced performance management on engagement at varying levels of managerial contingent reward behavior. The moderation slopes in Figure 4.2 below illustrate the conditional effects of enhanced performance management on the engagement of accountants at low, average, and high levels of managerial contingent reward behavior. As shown in Figure 4.2, the slope of the graph of EPMNG and the engagement of accountants is positive at low, average, and high levels of managerial contingent reward behavior. In addition, the slope gets steeper as the level of managerial contingent reward behavior increases. Thus, the effect of EPMNG on engagement increases as the level of managerial contingent reward behavior increases.
Figure 4.2. Moderating slopes illustrating the conditional effects of enhanced performance management practices on employee engagement at varying levels of managerial contingent reward behavior.

The above trend is supported by Table 4.6, which illustrates the conditional effects of EPMNG on the engagement of accountants at varying levels of managerial contingent reward behavior in three regression models. In regression model 1 (low managerial contingent reward behavior), the effect size of EPMNG on engagement is 0.32, \( p > 0.1 \), which indicates a statistically non-significant relationship between EPMNG and engagement. In regression model 2 (average managerial contingent reward behavior), the effect size of EPMNG on engagement is 0.60, \( p < 0.05 \).
0.001, which indicates a statistically significant positive relationship between EPMNG and engagement. In regression model 3 (high managerial contingent reward behavior), the effect size of EPMNG on engagement is 0.87, p < 0.001, which indicates a statistically significant positive relationship between EPMNG and engagement. Thus, the effect size of EPMNG on engagement increases as the level of managerial contingent reward behavior increases.

Table 4.6

*Interaction of enhanced performance management practices, trust in the leader, and managerial contingent reward behavior*

<table>
<thead>
<tr>
<th>Model</th>
<th>Contingent Reward</th>
<th>Effect</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
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<tbody>
<tr>
<td>1</td>
<td>-.1282</td>
<td>.321</td>
<td>.208</td>
<td>1.548</td>
<td>.125</td>
<td>-.091</td>
<td>.733</td>
</tr>
<tr>
<td>2</td>
<td>.000</td>
<td>.597</td>
<td>.166</td>
<td>3.594</td>
<td>.001</td>
<td>.267</td>
<td>.926</td>
</tr>
<tr>
<td>3</td>
<td>1.282</td>
<td>.872</td>
<td>.149</td>
<td>5.871</td>
<td>.000</td>
<td>.578</td>
<td>1.167</td>
</tr>
</tbody>
</table>

In summary, Figure 4.2 and Table 4.6 confirm the suggestion (from Table 4.5) that managerial contingent reward behaviors strengthen the relationship between the presence of enhanced performance management and the engagement of accountants. Additionally, Figure 4.2 and Table 4.6 show that managerial contingent reward behaviors enhance the relationship between enhanced performance management practices and engagement. I therefore conclude that **hypothesis 4 is supported**.
4.3 Post Hoc Analysis

After testing the four hypotheses, I conducted additional tests to further probe the relationship between enhanced performance management, engagement, and the work outcomes of accountants. Specifically, I conducted correlation and regression analyses to investigate the relationship between each of the phases of the enhanced performance management process and engagement, job satisfaction, and affective commitment. Additionally, I conducted tests to compare the levels of engagement of the participants based on generational cohort (birth group), gender, and CPA licensure status.

Table 4.7 (a) presents the means, standard deviations, and intercorrelations among engagement, performance planning-implementation, consequence, and evaluation. The correlations indicate that engagement is positively related to planning-implementation (r = .651, p < .01), consequence (r = .454, p < .01), and evaluation (r = .425, p < .01). As shown in Table 4.7 (a), of the four enhanced performance management phases, planning and implementation have the strongest correlation with engagement.

Tables 4.7 (b), (c), and (d) report the regression analyses of performance planning-implementation, consequence, and evaluation (independent variables) and engagement (dependent variable). From Tables 4.7 (b) and (c), the relationship between the enhanced performance management phases and engagement is statistically significant (f (24.97), p < .01). Additionally, Table 4.7 (b) shows that, combined, the enhanced performance management phases explain about 42.6% of the variance in engagement. From Table 4.7 (d), the t-statistics of the relationship between engagement and performance planning-implementation are t (6.01), p < 0.005. The t-statistics of the relationship between engagement and performance consequence are t (0.57), p >
0.1. The t-statistics of the relationship between engagement and performance evaluation are t (0.29), p > 0.1.

In summary, individually, each phase of the enhanced performance management process has a positive association with engagement (from Table 4.7 (a)). However, when examined together, only the planning and implementation phase significantly impacts engagement (from Table 4.7 (d)).

Table 4.7

Correlation and regression analyses of engagement, performance planning and implementation, evaluation, and consequence

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Dev 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Engagement</td>
<td>4.270</td>
<td>.779</td>
<td>.970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Planning-Implementation</td>
<td>4.200</td>
<td>.689</td>
<td>.651**</td>
<td>.912</td>
<td></td>
</tr>
<tr>
<td>3 - Performance Consequences (Rewards)</td>
<td>4.027</td>
<td>.838</td>
<td>.454**</td>
<td>.655**</td>
<td>.904</td>
</tr>
<tr>
<td>4 - Performance Evaluation</td>
<td>3.878</td>
<td>.987</td>
<td>.425**</td>
<td>.647**</td>
<td>.766**</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).
Reliabilities are presented in the diagonal.

(a) Correlation Between Engagement and the Four Enhanced Performance Management Stages

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
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<tbody>
<tr>
<td>.653</td>
<td>.420</td>
<td>.409</td>
<td>.003</td>
<td>.426</td>
<td>24.971</td>
<td>3</td>
<td>101</td>
<td>.000</td>
</tr>
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</table>

a. Predictors (Constant), EP/NING
b. Dependent Variable, ENG

(b) Model Summary

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Squar</th>
<th>F</th>
<th>Sig</th>
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</thead>
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<td>Regression</td>
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<td>9.237</td>
<td>24.971</td>
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<tr>
<td>Residual</td>
<td>37.359</td>
<td>101</td>
<td>.370</td>
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<tr>
<td>Total</td>
<td>65.070</td>
<td>104</td>
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</tbody>
</table>

a. Dependent Variable, ENG
b. Predictors, (Constant), EP/NING

(c) ANOVA

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Std Coefficient</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.105</td>
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<tr>
<td>Performance Planning and Implementation</td>
<td>.722</td>
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<td>.628</td>
</tr>
<tr>
<td>Performance Consequences</td>
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<td>.117</td>
<td>.070</td>
</tr>
<tr>
<td>Performance Evaluation</td>
<td>.031</td>
<td>.168</td>
<td>.220</td>
</tr>
</tbody>
</table>

(d) Coefficients

a. Dependent Variable, ENG
Table 4.8 (a) presents the means, standard deviations, and intercorrelations among job satisfaction, performance planning-implementation, consequence, and evaluation. The correlations indicate that job satisfaction is positively related to planning-implementation ($r = .473$, $p < .01$), consequence ($r = .456$, $p < .01$), and evaluation ($r = .388$, $p < .01$). As shown in Table 4.8 (a), of the four enhanced performance management phases, planning and implementation have the strongest correlation with job satisfaction.

Tables 4.8 (b), (c), and (d) report the regression analyses of performance planning-implementation, consequence, and evaluation (independent variables) and job satisfaction (dependent variable). From Tables 4.8 (b) and (c), the relationship between the enhanced performance management phases and job satisfaction is statistically significant ($f (11.88)$, $p < .01$). Additionally, Table 4.8 (b) shows that, combined, the enhanced performance management phases explain about 26% of the variance in job satisfaction. From Table 4.8 (d), the $t$-statistic of the relationship between planning-implementation and job satisfaction are $t (2.60)$, $p < 0.10$. The $t$-statistics of the relationship between job satisfaction and consequence are $t (1.88)$, $p > 0.1$. The $t$-statistics of the relationship between job satisfaction and evaluation are $t (-0.01)$, $p > 0.1$.

In summary, individually, each phase of the enhanced performance management process has a positive association with job satisfaction (from Table 4.8 (a)). However, when examined together, only the planning and implementation phase significantly impacts job satisfaction (from Table 4.8 (d)).
Table 4.8

Correlation and regression analyses of job satisfaction, performance planning and implementation, evaluation, and consequence

Table 4.9 (a) presents the means, standard deviations, and intercorrelations among affective commitment, performance planning-implementation, consequence, and evaluation. The correlations indicate that affective commitment is positively related to planning-implementation ($r = .440$, $p < .01$), consequence ($r = .432$, $p < .01$), and evaluation ($r = .397$, $p < .01$). As shown in Table 4.9 (a), of the four enhanced performance management phases, planning and implementation have the strongest correlation with affective commitment.
Tables 4.9 (b), (c), and (d) report the regression analyses of performance planning-implementation, consequence, and evaluation (independent variables) and affective commitment (dependent variable). From Tables 4.9 (b) and (c), the relationship between the enhanced performance management phases and affective commitment is statistically significant ($f(10.14)$, $p < .01$). Additionally, Table 4.9 (b) shows that, combined, the enhanced performance management phases explain about 48% of the variance in affective commitment. From Table 4.9 (d), the t-statistics of the relationship between affective commitment and planning-implementation are $t(2.13)$, $p < 0.05$. The t-statistics of the relationship between affective commitment and consequence are $t(1.46)$, $p > 0.1$. The t-statistics of the relationship between affective commitment and evaluation are $t(0.49)$, $p > 0.1$.

In summary, individually, each phase of the enhanced performance management process has a positive association with affective commitment (from Table 4.9 (a)). However, when examined together, only the planning and implementation phase significantly impacts affective commitment (from Table 4.9 (d)).
Table 4.9

Correlation and regression analyses of affective commitment, performance planning and implementation, evaluation, and consequence

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Dev 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Affective Commitment</td>
<td>3.730</td>
<td>.619</td>
<td>.893</td>
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</tr>
<tr>
<td>2 - Planning-Implementation</td>
<td>4.200</td>
<td>.680</td>
<td>.440**</td>
<td>.912</td>
<td></td>
</tr>
<tr>
<td>3 - Performance Consequences (Rewards)</td>
<td>4.027</td>
<td>.838</td>
<td>.432**</td>
<td>.655**</td>
<td>.904</td>
</tr>
<tr>
<td>4 - Performance Evaluation</td>
<td>3.678</td>
<td>.897</td>
<td>.397**</td>
<td>.647**</td>
<td>.766**</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).
Reliabilities are presented in the diagonal.

After examining the relationship between engagement, accountants’ work outcomes, and each phase of the enhanced performance management model, I conducted tests to investigate the engagement levels of the participants. The Levene’s test and t-statistic tests were used to compare the levels of engagement among different groups within the study’s participants. In both the Levene and t-statistic tests, two groups within a category (generational cohort, gender, and CPA licensure status) were compared at a time. The Levene test is based on the null hypothesis that
there are no differences between the mean engagement levels of the two groups compared. The null hypothesis is rejected if $p > 0.05$. The t-statistic test focuses on the statistical significance of the difference between the mean engagement levels of the two groups compared. The difference between the means is statistically significant if $p < 0.05$. Tables 4.10 (a) and (b) report the results of the tests conducted for each group.

As reported in Table 4.10 (a) and (b), the mean engagement difference between baby boomers and Gen-Xers was 0.23, $p > 0.05$. The mean engagement difference between baby boomers and millennials was 0.31, $p > 0.05$. The mean engagement difference between Gen-Xers and millennials was 0.08, $p > 0.05$. Lastly, the mean engagement difference was 0.16, $p > 0.05$ for males versus females and 0.08, $p > 0.05$ for CPAs versus non-CPAs. These results suggest that the engagement level of each group within a category is distinct from the other, although not statistically significant. The null hypothesis for each test was therefore rejected.

Table 4.10

Comparison of the engagement levels of the study’s participants

<table>
<thead>
<tr>
<th>(a) Category</th>
<th>N</th>
<th>Mean</th>
<th>STD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generational Cohorts:</strong></td>
<td></td>
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CHAPTER 5
DISCUSSION, MANAGERIAL IMPLICATIONS, AND CONCLUSION

5.1 Discussion

Research interest in the antecedents and outcomes of employee engagement has grown over the last couple of decades (Shuck & Reio, 2011). This interest is seen in the development of individual and organizational level interventions to increase engagement and its associated organizational outcomes such as job satisfaction and affective commitment. At the individual level, psychological meaningfulness, safety, and availability have been established empirically as antecedents of employee engagement (Kahn, 1990). At the organizational level, the HR value chain and performance management system have been established empirically as drivers of employee engagement, job satisfaction, and organizational commitment in a variety of organizational settings (Whittington et al., 2017).

These intervention efforts have, however, not been empirically tested in accounting settings. Examining these intervention efforts in accounting context is important because research indicate that accountants are among the top 10% disengaged employees. Further, whereas the research interests in engagement and its associated organizational outcomes are prevalent in the management and applied psychology literature, they are underrepresented in the accounting literature. The primary goal of this dissertation was to examine the impact of the performance management system on the engagement and other attitudinal and behavioral outcomes of accountants. Examining the impact of performance management on the engagement and other attitudinal and behavioral outcomes of accountants will address an important gap in our
understanding of the factors that impact the engagement levels of accountants. Specifically, I developed an enhanced performance management framework that improves upon contemporary models by capturing the set of activities involved in the performance management process. To test the enhanced performance management framework in the context of accountants, I created a nineteen-item scale that assesses all the phases of the enhanced performance management process.

Contemporary performance management models are based on Latham and Locke's (1990) high-performance cycle. These models seek to integrate organizational visions, missions, and strategies with individual employee level goals. However, these models do not address the need for managers to provide employees with ongoing, expectations-based feedback during task performance. In addition, many contemporary performance management models exclude rewards (and punishments), although research shows that rewards and punishments promote job satisfaction and organizational commitment (Judge et al., 2010). Thus, there is the need for an integrated, enhanced performance management model that unifies contemporary models by incorporating all aspects of the high-performance-cycle. The enhanced performance management model proposed in the present study addresses these shortcomings of contemporary performance management models.

As illustrated in Figure 2.3, the enhanced performance management model addresses the deficiencies in contemporary performance management systems by linking organizational strategic goals with individual employee level goals. Additionally, the enhanced performance management model explicitly identifies ongoing, expectations-based feedback as a crucial aspect of the performance management process. Lastly, the enhanced performance management model integrates contingent and non-contingent rewards with the performance management system.
The enhanced performance management model captures the set of activities involved in the performance management process in four phases: performance planning, implementation, evaluation, and consequence. Performance planning is concerned with setting clear, specific, and difficult goals that are aligned with the organization’s vision, mission, and strategy for the employee. Performance planning also includes designing task-specific strategies for achieving the set goals. Performance implementation involves the employee’s execution of the task-specific strategies along with regular, concrete, ongoing, expectations-based feedback from the manager. The ongoing feedback facilitates the achievement of the goals established in the planning phase. The manager also facilitates the employee’s task execution by removing bottle-necks that make it difficult for the employee to successfully perform the task. Performance evaluation is concerned with assessing the employee’s performance according to the agreed-upon performance goals set at the planning stage. Finally, performance consequence is concerned with rewarding (or penalizing) the employee based on how well he or she met his or her performance goals. The objective of the reward (and punishment) is to recognize the employee’s performance for the current performance cycle and to incentivize him or her for higher goal attainment in the next performance cycle.

In this dissertation, I examined the main effects of the enhanced performance management system on the engagement levels of accountants (hypothesis 1). Specifically, I predicted that enhanced performance management practices will be positively related to the engagement levels of accountants. I also examined the indirect effects of enhanced performance management practices on the accountants’ job satisfaction and affective commitment (hypothesis 2). According to my second hypothesis, the impact of enhanced performance management practices on accountants’ job satisfaction and on their affective commitments is mediated by their levels of
engagement. Hypothesis 3 predicted that accountants’ trust in their leaders will strengthen the relationship between the organization’s enhanced performance management practices and the engagement levels of accountants. Finally, Hypothesis 4 predicted that managerial contingent reward behavior will strengthen the relationship between the organization’s performance management practices and the engagement levels of accountants. The next paragraphs discuss the four hypotheses along with my findings for each hypothesis.

5.1.1 The performance management-engagement connection

For over a decade, the Gallup organization has consistently reported that only one in three employees is engaged at work. As a result, management scholars and consultants have come up with a variety of both organizational and employee level approaches to address the low levels of employee engagement. An important organizational intervention that has been used to address employee engagement is the performance management system (Whittington & Galpin, 2010). In a series of field studies, Whittington et al. (2017) obtained support for the performance management system as an intervention that increases employee engagement. Nonetheless, Whittington et al.’s (2017) performance management model did not fully capture the scope of activities involved in the high-performance cycle, the foundation of contemporary performance management models.

The Whittington et al. (2017) performance management model is composed of only three phases: planning, implementation, and evaluation, which leaves out performance consequences. Though the Whittington et al. (2017) performance management model does not discuss
performance consequence, the authors did assess reward as part of their performance management measure. Whittington et al.’s (2017) performance management scale was largely focused on performance planning. This study improved upon Whittington et al.’s scale by developing a more comprehensive scale by including an explicit discussion of rewards as part of the performance management system. The enhanced performance management scale developed in this study composed of 19 items (3 for planning, 5 for implementation, 5 for evaluation, and 6 for consequences). This augmented scale was used to assess the impacts of enhanced performance management practices on the engagement levels of accountants.

In hypothesis 1 of the present study, the performance management-engagement connection was examined by assessing the relationship between the performance management system and employee engagement. Hypothesis 1 was tested with the assumption that there is a positive association between the presence of enhanced performance management practices and the engagement levels of accountants. As expected, I found a significant and positive relationship between enhanced performance management practices and the engagement levels of the accountants. Thus, my results fully support hypothesis 1 of the present study. These results are consistent with those of Whittington et al.’s (2017) field studies that assessed the impacts of the performance management system on employee engagement with a relatively less robust scale.

Although I did not hypothesize specific relationships among the enhanced performance management phases and engagement, I was curious to see whether any of the phases was more relevant than others in predicting engagement. I therefore separately examined the relationships between planning, implementation, evaluation, and consequence and the engagement levels of the subjects (accountants) in the post-hoc analysis of the present study. Although I originally
conceptualized performance planning and implementation as two distinct phases, the results of my psychometric analyses indicated that the two phases are integrated. Consequently, I assessed planning and implementation as one integrated phase in my post-hoc analysis. I found significant and positive relationships between each of planning and implementation, evaluation, and consequence and the engagement levels of the accountants.

I was also curious to see the integrated impact of the various enhanced performance management phases on the engagement levels of the accountants. I therefore examined planning and implementation, evaluation, and consequence (as independent variables) and engagement (as dependable variable) in a single regression model. Surprisingly, only the planning and implementation phase had a significant and positive relationship with the engagement levels of the accountants. Performance evaluation and consequences had no significant relationships with the engagement levels of the accountants in the integrated regression model. In sum, although each phase of the enhanced performance management framework separately has positive correlations with employee engagement, only the planning and implementation phase is critical in driving employee engagement in the integrated model. The managerial implications for this discovery will be discussed in detail in the practical implications section of this chapter.

5.1.2 Performance management, engagement, and accountants’ work outcomes

A critical duty of the HR function in organizations is to create and maintain a comprehensive performance management system that integrates performance planning, on-going feedback, formal performance appraisals, and rewards. Performance management scholars and
practitioners argue that in addition to enhancing employee engagement, such a comprehensive performance management process results in positive employee outcomes such as job satisfaction and organizational commitment (Mone & London, 2009). However, the impact of comprehensive performance management on these employee outcomes may not be direct. In a series of field studies, Whittington et al. (2017) found that engagement mediates the relationship between the performance management process and job satisfaction and organizational commitment. This study replicated Whittington et al.’s work by assessing the mediating effects of engagement on the relationship between the performance management process and job satisfaction and affective commitment, but in accounting settings.

In the present study, the mediating effects of engagement were assessed with the assumption that three mediation criteria will be met (Baron & Kenny, 1986). First, the independent variable, enhanced performance management, must be related to the mediating variable, engagement. Second, the independent variable, enhanced performance management, must be related to the dependent variables (job satisfaction and affective commitment). Third, the mediating variable, engagement, must be related to the dependent variables when the dependent variables are regressed on both the independent variable, enhanced performance management, and the mediating variable, engagement. In this case, the changes in the outcome variables explained by enhanced performance management should be less than those explained in the reduced model, which contains only enhanced performance management. The tests for mediation met all three criteria.

Results of the mediation analysis showed that enhanced performance management practices have a significant and positive relationship with the engagement, job satisfaction, and
affective commitment levels of accountants. Thus, the first two criteria in Baron and Kenny (1986) were met. I expected that the relationship between the organization’s performance management system and accountants’ job satisfaction and affective commitment would be mediated by the level of engagement of the accountants. Results of my mediation analysis provided full support for this prediction. Specifically, the relationship between enhanced performance management practices and the overall job satisfaction of the accountants was fully mediated by the accountant’s levels of engagement. I obtained similar results for the relationship between enhanced performance management practices and the affective commitment levels of the accountants. These results confirm the findings of prior literature that show that the organization’s performance management practices indirectly enhance employee outcomes such as job satisfaction and affective commitment through engagement. In summary, my results fully supported hypothesis 2.

I did not hypothesize specific relationships among the various phases of the performance management system, job satisfaction, and affective commitment in the present study. Nonetheless, I was curious to see whether any of the performance management phases was more relevant than others in predicting the job satisfaction and affective commitment levels of the accountants. I therefore separately examined the relationships between planning and implementation, evaluation, and consequence and the accountants’ job satisfaction and affective commitment levels in my post-hoc analysis. I found significant and positive correlations between each of planning and implementation, evaluation, and consequence and the job satisfaction and affective commitment levels of the accountants.

Next, I examined planning and implementation, evaluation, and consequence (as independent variables) and job satisfaction (as dependent variable) in a single regression model.
As in the case of engagement, only the planning and implementation phase had a significant and positive relationship with the job satisfaction of the accountants. I repeated the process for planning and implementation, evaluation, and consequence and affective commitment. Again, I found that only the planning and implementation phase had a significant and positive relationship with the affective commitment levels of the accountants. Thus, although each performance management phase separately relates to job satisfaction and affective commitment, only the planning and implementation phase is critical in promoting the two accounting work outcomes.

5.1.3 Enhancers of the performance management-engagement connection

The success of the organization’s performance management practices largely depends on the employee’s trust in his or her immediate manager and the manager’s behavior. The level of the employee’s trust in the manager influences the employee’s submission to the performance management process as well as his or her acceptance of the performance plan, appraisals results, and rewards. Likewise, the manager’s corrective and constructive actions influence the design of the performance plan, conduction of performance appraisals, and the distribution of rewards to the employee at the end of the performance cycle. Consequently, I examined both the employee’s trust in the manager (hypothesis 3) and the manager’s contingent reward behavior (hypothesis 4) as moderators of the performance management-engagement relationship.

In hypothesis 3, I expected the level of an accountant's trust in his or her immediate manager to strengthen the relationship between the organization’s performance management practices and the accountant’s level of engagement. I found that an accountant’s trust in his or her
immediate manager had a significant and positive relationship with the accountant’s level of engagement, overall job satisfaction, and affective commitment. I also found a significant and positive relationship between the accountant’s trust in his or her immediate manager and the organization’s performance management practices. However, contrary to my expectations, I did not find the accountant’s trust in his or her leader to strengthen the performance management-engagement relationship. Thus, my results did not support hypothesis 3.

In addition to trust in the leader, I examined managerial contingent reward behavior as an enhancer of the performance management-engagement connection in this study. Through the contingent reward process, the manager creates a compact of expectations and mutual understanding between him or her and the employee (Avolio, 2010). This compact of expectations forms an explicit psychological contract that employees use to evaluate the consistency and trustworthiness of their managers (Goodwin, Wofford, & Whittington, 2001). These managerial behaviors are inherent in the manager’s use of both constructive and correctional approaches to clarify roles and performance expectations, as well as appropriately reward the employee for goal attainment. I therefore expected managerial contingent reward behavior to strengthen the relationship between the organization’s performance management practices and the accountants’ level of engagement in hypothesis 4.

Consistent with previous research, I found that managerial contingent reward behavior had a significant and positive relationship with accountants’ overall job satisfaction, affective commitment, and trust in their immediate managers. In addition, I found a significant and positive relationship between managerial contingent reward behavior and the organization’s performance management practices. As I expected, managerial contingent reward behavior had a significant
positive moderating effect on the relationship between enhanced performance management practices and the level of engagement of accountants. These results demonstrate that managerial contingent reward behavior enhances the impact of the organization’s performance management practices on the level of engagement of accountants. My prediction that managerial contingent reward behavior would enhance the relationship between the organization’s performance management practices and the engagement levels of accountants was therefore fully supported. Figure 3 depicts the relationships that were tested in hypotheses 1 to 4 in this study.

5.2 Strengths and Limitations of the Study

This study has three major strengths. First, data was collected from both industry and public accounting settings across the United States. In the industry settings, data was collected from accountants who perform general accounting, internal auditing, taxation, reporting, and financial planning tasks. In the public accounting settings, data was collected from accountants who perform auditing, assurance, and taxation, as well as those who consult on internal auditing and risk across the United States. The data collection from participants who perform a wide-range of accounting tasks makes the study more representative of the accounting profession and the results more generalizable.

Second, in both the industry and public accounting settings, the participants occupied various positions within their organizations (management and non-management positions). This strategy provided greater external validity in the study because data was obtained from both individual contributors and those who managed accounting functions (auditing, taxation, planning,
and reporting). Third, because the present research was a field study, the attitudes and behaviors of actual accountants were studied. This research strategy allowed the attitudes and behaviors of the accountants (as they perform their work) to be observed and measured. Assessing the work outcomes of accountants as they perform their normal tasks brings existential realism to the study’s findings.

Despite the above strengths, the present study has two limitations. First, the goal of the present study was to examine the impact of the performance management system on the engagement and organizational outcomes of accountants. Therefore, I only focused on the performance management system and its impacts on engagement, job satisfaction, and affective commitment of accountants. Because I focused only on the performance management system, I deliberately omitted other aspects of the organization’s human resource practices (such as the HR value chain) that impact engagement, job satisfaction, and affective commitment. The HR value chain includes human resource planning, job analysis, employee recruitment selection, orientation, and socialization, continuous development and reinforcement, as well as employee separation procedures. Depending on how well the HR value chain is planned and implemented, it may have positive or negative impact on accountants’ engagement, job satisfaction, and affective commitment.

I also deliberately omitted other aspects of the work environment (e.g., team collaboration and coworker interaction), job characteristics, and individual differences that impact engagement, job satisfaction, and affective commitment. Though focusing only on the performance management system allowed me to achieve the goal of the study, it did not allow me to assess the impacts of the factors that I excluded. Had the study been conducted as a lab experiment, for
example, the impacts of the HR value chain, team collaboration, coworker interaction, individual differences, and job characteristics could have been assessed and controlled.

Second, by the study’s design—i.e., cross-sectional study—, I could not vary the levels of the variables that I measured in the study. Thus, I could only draw conclusions based on the correlations among the study’s variables. For instance, trust in the leader and managerial contingent reward behavior were measured on fixed scale self-reports and social-reports respectively. These reports were assessed only once, without varying their levels beyond those provided on the scales to ascertain their dynamic effects on the participants. An experiment would have allowed different treatment options such as variations in the trust and contingent reward behavior levels to be assigned to a control group and a treatment group. This strategy would have allowed the study to accurately account for the impact of the moderators on the performance management-engagement connection. However, an experimental design could have been more intrusive and could potentially diminish the contextual realism obtained in the field study design I chose to use.

5.3 Implications for Research

Contemporary performance management models (e.g., Aguinis, 2013; Whittington et al., 2017) do not fully integrate of all phases of the high-performance cycle into the performance management process. The present study attempted to address this literature gap by developing an integrated performance management model that encompasses all phases of the high-performance cycle. The study tested the impacts of the integrated performance management model on the engagement, job satisfaction, and affective commitment of accountants. The post-hoc analysis
performed in the study found that, although individually, each performance management phase impacts the accountants’ attitudes and behaviors, only planning and implementation impact these outcomes in the combined model. Further studies are necessary to understand why this is the case.

In addition to the need for further studies on the impacts of the stages of the performance management process on employee outcomes, further studies are necessary to understand the engagement levels of accountants. Gallup continues to report that employee engagement hovers around only 30%, however, I found relatively high levels of engagement across all the demographic groups examined in this study. The Gallup organization measures engagement with a 12-item scale (Q-12) that assesses antecedents to engagement such as supervisor support, coworker support, understanding of organization mission, rewards, task facilitation among others. Conversely, this study measured engagement as a state in which employees bring their full selves to work. A future research is therefore necessary to examine why the two scales measure engagement differently and reconcile any differences.

Lastly, by testing the impacts of the performance management process on accountants’ work outcomes, this study has extended the individual level performance management and engagement conversation from the management literature to the accounting literature. Although the management accounting literature has over the years discussed individual level performance management issues, those issues have largely centered around managers and supervisors (e.g., Indjejikian, Matějka, Merchant, & Van der Stede, 2014). The behavioral accounting literature has also addressed individual level performance issues over decades but has given little attention to employee engagement, despite prior studies that show that accountants are disengaged. Although
this study attempted to bridge this literature gap, more research is needed to further probe the findings of this study and their applicability to accounting settings.

Recommended future studies that can further probe the findings of this research and their applicability to accounting settings may include the following:

- The interactive effects of the three performance management phases on accounting work outcomes. The psychometric analyses conducted in this study identified performance planning-implementation as the most critical of the three phases of the performance management process. A relevant research question is: does planning-implementation moderate or mediate the other two phases—i.e., evaluation and consequence—to influence accountants’ job satisfaction, engagement, and affective commitment?

- Structurally modeling the findings of this study in accounting settings. Can a future study use structural equation modeling to validate the relationships tested in the present study in a detailed path analysis?

- Replication of the study outside the United States. A future research can test the findings of this study in accounting settings outside the United States to determine whether national culture impacts accounting work outcomes besides the performance management system.
5.3 Implications for Practice

The findings of the present study are consistent with those of the goal setting literature, which emphasizes the importance of setting clear, specific difficult goals for employees to promote positive organizational outcomes. This study has shown that carefully planning accountants’ goals and guiding them to achieve those goals results in positive accounting work outcomes such as engagement, job satisfaction, and affective commitment. A major finding of this study was that the planning and implementation stages of the performance management system are integrated. Specifically, the study has revealed that setting clear, specific, difficult, and attainable goals that motivate employees to push beyond themselves is important. However, it is even more critical for the manager to back those goals with an effective action plan that guides employees to successfully execute the tasks involved. Additionally, it is critical for the manager to provide concrete and regular expectations-based feedback to employees for successful goal attainment. This study also found that, of the four performance management phases, the planning and implementation phase is the most critical in influencing accounting work outcomes such as engagement, job satisfaction, and organizational commitment.

These findings suggest that accounting organizations should pay close attention to performance planning and train managers and supervisors to understand the importance of setting clear, specific difficult goals for accountants during the goal setting process. These findings also suggest that performance planning and implementation go together. Thus, setting clear, specific difficult goals for accountants is meaningless, unless it is linked with providing the accountants with ongoing, expectations-based feedback. Integrating performance planning with ongoing,
expectations-based feedback allows the manager to monitor the accountant’s performance to provide the accountant with the appropriate guidance during task performance.

Further, it is important for accounting managers to ensure that accountants understand how their individual roles relate to their departmental and overall organizational level goals and strategy. This is consistent with the findings in the present study that the planning and implementation phases of the performance management process are integrated and impact accounting work outcomes the most. Thus, although performance evaluation and rewards are important, carefully planning accountants’ goals according to organizational strategy and providing them with expectations-based feedback (implementation) are extremely important in the performance management process.

Lastly, the finding in this study that managerial contingent reward behavior enhances the performance management-engagement connection is also important for accounting practice. In this study, the impact of the enhanced performance management process on the engagement levels of accountants increased with managerial contingent reward behavior. Moreover, employee attitudes (job satisfaction and affective commitment) were found to increase as the level of engagement increased. These findings suggest that positive accounting work outcomes such as job satisfaction and affective commitment can be achieved if accounting managers compliment the performance management process with constructive and correctional actions. Specifically, clearly setting accountants’ performance expectations to signal consistency and trustworthiness and rewarding them for good attitudes and behaviors will help to promote positive accounting work outcomes through the performance management system.
Based on the findings of this study, I recommend that accounting organizations undertake the following steps to improve upon the work outcomes of accountants:

- Performance planning and implementation should be integrated.
- Accounting managers should make the accountant aware of how the accountant’s knowledge of the organization’s strategic goals allows the accountant to contribute to the strategy.
- Accounting managers should work with their accountants to develop comprehensive performance plans that set clear, specific difficult goals for each accountant.
- The performance goals should be agreed-upon by both the manager and the accountant.
- The accountant should perform tasks that are aimed at attaining the goals stated in the agreed-upon performance plan.
- The manager should provide the accountant with ongoing, expectations-based feedback through both corrective and constructive actions.
- At the end of the performance cycle, the manager should evaluate the accountant’s performance based on the agreed-upon goals stated in the performance plan and rate the accountants’ performance accordingly.
- Based on the accountant’s performance ratings, the manager should provide the accountant with appropriate contingent rewards.
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APPENDIX A: DEMOGRAPHIC ITEMS

Demographic Items

Q1. I am a:
   A. Male
   B. Female

Q2. I am an active:
   A. CPA
   B. CMA
   C. CIA
   D. CFE
   E. CGMA
   F. CFA
   G. Other Certification
   H. Non-Certified

Q3. I work in:
   A. The Controller Organization
   B. The Planning and Analysis Group
   C. Other (Neither the Controller Organization nor the Planning and Analysis Group)

Q4. My highest level of education is:
   A. High School (GED)
   B. Bachelor’s Degree
   C. Master’s Degree
   D. Doctorate Degree

Q5. My years of work experience fall within:
   A. Less than one year
   B. One to three years
   C. Three to five years
   D. Five to ten years
   E. More than ten years
Q6. I was born within this decade:

A. 1946—1950  
B. 1951—1955  
C. 1956—1960  
D. 1961—1964  
E. 1965—1970  
F. 1971—1975  
G. 1976—1981  
H. 1982—1985  
I. 1986—1990  
J. 1991—1995  
K. 1996—2000

Q7. I want to participate in a drawing to win one of fifteen $10 Amazon gift cards.

A. I’m In  
B. I’m Out

APPENDIX B: QUESTION ITEMS

Question Items

Assessing enhanced performance management

The following questions ask you to evaluate certain aspects of your goals. Please respond on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) how you disagree or agree with each statement.

<table>
<thead>
<tr>
<th>Enhanced performance management scale</th>
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<tbody>
<tr>
<td>My manager encourages employees to have a say in deciding their goals</td>
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<tr>
<td>I usually feel that I have an effective action plan for reaching my goals</td>
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<tr>
<td>My goals require some hard thinking on my part to attain them</td>
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</tr>
<tr>
<td>My boss shows me how to complete difficult assignments and tasks</td>
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</tr>
<tr>
<td>I strive to achieve my goal even when I'm faced with obstacles</td>
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</tr>
<tr>
<td>My boss rewards good performance</td>
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<tr>
<td>Performance appraisal sections use performance plans customized for each employee (versus being the same for all employees)</td>
<td></td>
</tr>
<tr>
<td>My goals focus my actions on relevant aspects of my job</td>
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</table>
Employee performance planning sessions ensure that performance goals are linked to the operational goals of my department

| I have good working conditions |
| Rewards are tied to organizational achievement as well as individual performance |
| My boss helps me to identify solutions to overcome performance roadblocks |
| My boss is supportive with respect to encouraging me to reach my goals |
| I reflect on the most suitable strategy to follow before taking action toward the goal |
| My boss shows me appreciation when I perform well |

Performance appraisal sessions are based on objectives set in the performance planning session

| My goals indicate to me what I should spend my time on |
| My boss provides me with the opportunity to participate in setting my goals |
| My boss provides me with sufficient resources (i.e. time, money, equipment) to achieve my goals |
| My boss provides me with sufficient training to achieve my goals |
| Performance appraisal sections use performance plans that have been closely tied to the strategies of the organization |

Employee performance planning sessions explain how goals reflect organization-wide initiatives as well as individual performance

| I have a strategy for attaining my goals |
| Performance appraisal sections use metrics that are appropriate to evaluate my individual performance |
| I put forth a lot of effort into my work to attain the goal |
| My boss updates me regularly concerning my advancement towards my goal |
| My boss tells me both the positive and negative aspects of my performance |
| My boss provides me with frequent feedback on how well I am progressing toward my goals |

| I will be able to achieve most of the goals that I have set for myself |
| Employee performance planning sessions ensure that performance goals are linked to the strategic goals of the company |

| My boss gives me all the information necessary to perform well on my job |
| Performance appraisal sessions with my boss, stress problem solving rather than criticism |
| My goals are such that I often have to push myself to attain them |
| I get regular feedback indicating how I am performing in relation to my goals |
| I get credit when I attain my goals |
| My goals require as much attention and effort as I can give |
| Rewards (i.e., pay, promotions) are allocated to me according to how well I reach my goals. |
Performance appraisal sections use metrics chosen to fit the organization's strategy

Assessing employee engagement

The following questions ask you to evaluate several aspects of your work. Please respond on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) how well you disagree or agree with each statement.

<table>
<thead>
<tr>
<th>Engagement scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>At work, I am absorbed by my job</td>
</tr>
<tr>
<td>I work with intensity on my job</td>
</tr>
<tr>
<td>I strive as hard as I can to complete my job</td>
</tr>
<tr>
<td>I am passionate in my job</td>
</tr>
<tr>
<td>I am excited about my job</td>
</tr>
<tr>
<td>At work, I focus a great deal of attention on my job</td>
</tr>
<tr>
<td>At work, my mind is focused on my job</td>
</tr>
<tr>
<td>I exert a lot of energy on my job</td>
</tr>
<tr>
<td>I devote a lot of energy to my job</td>
</tr>
<tr>
<td>At work, I devote a lot of attention to my job</td>
</tr>
<tr>
<td>I am enthusiastic in my job</td>
</tr>
<tr>
<td>At work, I pay a lot of attention to my job</td>
</tr>
<tr>
<td>I exert my full effort to my job</td>
</tr>
<tr>
<td>I feel energetic in my job</td>
</tr>
<tr>
<td>At work, I concentrate on my job</td>
</tr>
<tr>
<td>I try my hardest to perform well on my job</td>
</tr>
<tr>
<td>I feel positive about my job</td>
</tr>
<tr>
<td>I am proud of my job</td>
</tr>
</tbody>
</table>

Measuring job satisfaction and affective commitment

The following questions ask you about your job. Please respond on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) how you disagree or agree with each statement.

<table>
<thead>
<tr>
<th>Job satisfaction and affective commitment scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>I really feel as if this organization's problems are my own</td>
</tr>
<tr>
<td>I do not feel emotionally attached to this organization</td>
</tr>
<tr>
<td>I find real employment in my work</td>
</tr>
</tbody>
</table>
Overall, I am satisfied with my job

This organization has a great deal of personal meaning for me

I feel a strong sense of belonging to my organization

I am willing to commit more than one expects to contribute to the success of my organization

Most days I am enthusiastic about my work

**Measuring trust in the leader and contingent reward behavior**

The following questions ask you about your manager. Please respond on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) how you disagree or agree with each statement.

<table>
<thead>
<tr>
<th><strong>Trust in the leader and contingent reward behavior scale</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel a strong loyalty to my leader</td>
</tr>
<tr>
<td>My boss commends me when I do a better than average job</td>
</tr>
<tr>
<td>I would support my leader in almost any emergency</td>
</tr>
<tr>
<td>My boss always gives me a positive feedback when I perform well</td>
</tr>
<tr>
<td>I feel quite confident that my leader will always try to treat me fairly</td>
</tr>
<tr>
<td>I have complete faith in the integrity of my manager</td>
</tr>
<tr>
<td>My boss gives me special recognition when my work is very good</td>
</tr>
<tr>
<td>My boss would never try to gain an advantage by deceiving others</td>
</tr>
<tr>
<td>My boss frequently does not acknowledge my good performance (Reverse coded)</td>
</tr>
<tr>
<td>I have a divided sense of loyalty toward my leader (Reverse coded)</td>
</tr>
<tr>
<td>My boss personally compliments me when I do outstanding work</td>
</tr>
</tbody>
</table>

**Measuring individual differences**

The following questions ask your views on several things. Please respond on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree) how you disagree or agree with each statement.

<table>
<thead>
<tr>
<th><strong>HEXACO scale</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>I always try to be accurate in my work, even at the expense of time.</td>
</tr>
<tr>
<td>I remain unemotional even in situations where most people get very sentimental.</td>
</tr>
<tr>
<td>I make decisions based on the feeling of the moment rather than on careful thought.</td>
</tr>
<tr>
<td>I can handle difficult situations without needing support from anyone else.</td>
</tr>
<tr>
<td>I think that I am entitled to more respect than the average person is.</td>
</tr>
<tr>
<td>I make a lot of mistakes because I don't think before I act.</td>
</tr>
<tr>
<td>I feel reasonably satisfied with myself overall.</td>
</tr>
<tr>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>I like people who have unconventional views.</td>
</tr>
<tr>
<td>I do only the minimal amount of work to get by.</td>
</tr>
<tr>
<td>I sometimes feel I am a worthless person.</td>
</tr>
<tr>
<td>Having a lot of money is not especially important to me.</td>
</tr>
<tr>
<td>I prefer jobs that involve active social interaction to those that involve working alone.</td>
</tr>
<tr>
<td>Even when people make a lot of mistakes, I rarely say anything negative.</td>
</tr>
<tr>
<td>Even in an emergency I wouldn't feel like panicking.</td>
</tr>
<tr>
<td>I often push myself very hard when trying to achieve a goal.</td>
</tr>
<tr>
<td>I would never accept a bribe, even if it were very large.</td>
</tr>
<tr>
<td>Most people tend to get angry more quickly than I do.</td>
</tr>
<tr>
<td>I rarely hold a grudge, even against people who have badly wronged me.</td>
</tr>
<tr>
<td>I would get a lot of pleasure from owning expensive luxury goods.</td>
</tr>
<tr>
<td>I rarely express my opinions in group meetings.</td>
</tr>
<tr>
<td>I never really enjoy looking through an encyclopedia.</td>
</tr>
<tr>
<td>I find it boring to discuss philosophy.</td>
</tr>
<tr>
<td>I think that paying attention to radical ideas is a waste of time.</td>
</tr>
<tr>
<td>I feel that I am an unpopular person.</td>
</tr>
<tr>
<td>I feel strong emotions when someone close to me is going away for a long time.</td>
</tr>
<tr>
<td>I want people to know that I am an important person of high status.</td>
</tr>
<tr>
<td>I tend to be lenient in judging other people.</td>
</tr>
<tr>
<td>I feel like crying when I see other people crying.</td>
</tr>
<tr>
<td>I am usually quite flexible in my opinion when people disagree with me.</td>
</tr>
<tr>
<td>I don't think of myself as an artistic or creative type.</td>
</tr>
</tbody>
</table>

**APPENDIX C: IRB APPLICATION AND SUPPORTING DOCUMENTS**

**IRB Application for Prior Approval of Research**

**Application for Prior Approval of Research**

Dissertation Chair: Dr. J. Lee Whittington
Objective(s) of research:

Employee engagement—driving physical, emotional, and psychological energies into work—remains low globally with only 30% of employees engaged. Research links engagement to favorable outcomes such as job satisfaction, organization commitment, and citizenship behaviors in organizations.

This study will explore the organizational level practices and leadership behaviors that influence employee engagement and propose a solution for addressing the low levels of engagement. In particular, the study will determine how performance management systems and managerial contingent reward behaviors influence the engagement of accountants. To this end, a field study will be conducted to obtain the views of Certified Public Accountants (CPAs) and non-CPAs in an energy company located in the southern United States. The findings of the study are envisaged to provide a deeper understanding of how performance management systems and managerial contingent reward behaviors can be enhanced to promote employee engagement. The study will be conducted between the 8th of July and 8th of August 2017.

Scope of concrete activities:

- Emails will be sent to participants to collect their views on their performance management systems, engagement, job satisfaction, affective commitment, and their managers’ contingent reward behaviors.
- The email will include instructions for completing the survey.

General identification of the subjects of research:

- CPAs and non-CPAs working in an energy company located in the southern United States.
- Respondent ID numbers will be used to identify participants and no further identification information will be collected.

Specific investigational techniques to be used:

- Participants will be asked to participate in an online self-reported survey.
- Participants will receive email links, directing them to the survey.
- Participants will have the option of completing the survey on their computers or on their cell phones.

How the results of the research are expected to be published or otherwise disseminated or used?
• Results of the study will be published in the researcher’s dissertation. In addition, the results may be part of conference presentations, academic journals, and books.

Please explain briefly the justification for involving human subjects in the proposed research:

Employee engagement entails individual attitudes and behaviors towards work. As already stated, employee engagement has been positively linked with many favorable organizational outcomes—i.e., high employee performance, job satisfaction, organizational commitment, and low intentions to quit. Thus, high levels of employee engagement promote these favorable outcomes. Nonetheless, according to the Gallup organization, employee engagement continues to be low across the globe. Consequently, it is imperative that human subjects are involved in this research to assess their levels of engagement along with factors that influence their work outcomes. Also, since the study’s findings are intended to provide a deeper understanding of employee engagement, a combination of human attitudes and behaviors, it is critical that human subjects are involved in the study.

Please specify the concrete measures to be taken to safeguard the rights and welfare of the human subjects:

• Survey data will be assigned a code, after which it will no longer be possible to be tracked back to participants. There will be no disclosure of any personal information when the study is presented or published. Survey data will be recorded and stored on a password protected folder on a password protected computer.

• This research presents no adverse effects or risk to the participants/subjects. The participants will be invited to participate on a voluntary basis. As such, the participants are able to choose not to respond to any questions they feel uncomfortable or do not wish to respond to. Moreover, each participant is free to terminate her or his involvement with the survey at any time during or after the interview prior to publishing results without any loss or adverse consequences.

• All participation is voluntary, anonymous, and not traceable to any single or group of individuals.

• The research results will be shared with the dissertation committee as well as published in the dissertation, conferences, journals, and books.

• The Chairman of the IRB shall provide a copy of the application to every member of the IRB. The members shall consider the application and meet to vote on the application. The IRB may approve the application, disapprove the application, or require modification of the research proposal.

• The IRB must vote on the application and notify the applicant of the vote within thirty days of receiving the application, except, however, the IRB may extend its consideration for an additional thirty days if the complex or unusual nature of the proposed research requires more extended consideration or assistance from one or more outside experts. Any further extension
may be appealed by the applicant to the President of the University, who must act within ten days either to approve or disapprove such further extension, which must be to a date certain.
• Should an application be disapproved, the reasons therefore must be given in writing to the applicant. If the IRB requires modification of the research proposal, the required modification(s) must be specifically enumerated and the grounds for each modification must be stated.
• Every investigator who has secured from the IRB prior approval of a research project shall annually report to the IRB on the progress of the investigation, specifically discussing the operation of the safeguards for the rights and welfare of the human subjects involved in the research, with special mention of any complaints or problems that have arisen in that regard.

• The IRB shall have authority to oversee any research for which it has granted prior approval, and shall have power to require special reports of the investigators, and to stop the research work if it finds compelling evidence of damage to the rights or welfare of human subjects of the research, or failure to implement fully the safeguards of rights and welfare stated in the application for approval, even if there is no evidence of specific instances of damage or abuse. Researchers are required to notify immediately the IRB of any situation where there is an injury, harm, or complaint of a participant.

Please print and sign name:

_____________________________________
Enoch Kusi Asare
E-mail: easare@udallas.edu
Department: Satish & Yasmin Gupta College of Business
Date of application: May 15, 2016

Please submit the completed application to:

Dr. Gilbert Garza, Chair of the IRB
University of Dallas Department of Psychology
Invitation Letter to Participants

Dear Fellow Colleague,

My name is Enoch Kusi Asare, MBA, MS, CPA, CGMA. I’m currently pursuing my Doctor of Business Administration (DBA) degree at the University of Dallas. As part of the program, I’m conducting a research to investigate the factors that impact CPAs and non-CPAs at work and to identify ways of improving the level of engagement they experience.

Employees are engaged when in addition to their physical presence, they perform tasks with their minds and feelings. Some of the benefits of work engagement are job satisfaction and commitment to the organization’s course. Despite its importance, work engagement is low in the United States and across the globe (only 30% of employees are engaged).

My goal is to investigate the factors that engage accountants at work and identify ways of improving upon them. I humbly seek your inputs in this endeavor by participating in a brief survey that takes only 8 to 10 minutes to complete. The survey can be completed on your cell phone or on your computer.
Your participation in the survey is completely voluntary. All your responses will remain anonymous. All reporting of the results will be aggregated in such a way that no individual will be identifiable. You have the right to withdraw from this study, before, during, and after the survey. Your data will be completely deleted from the study if you choose to withdraw.

If you are willing to participate in my study, please **Follow this link to the Survey:**

*Take the survey*

Or copy and paste the URL below into your internet browser:

https://udallas.co1.qualtrics.com/jfe/form/SV_bIAaJNb9KJuKLVH?Q_DL=7WdYb2S271QwYrX_bIAaJNb9KJuKLVH_MLRP_a8KdNVKnuIfxJel&Q_CHL=email

An overview of the study can be found at this link: [Informed consent for participants](small). The survey data will be used in my dissertation and may be published in journals or books. However, no individual or organization will be identified in these publications.

If you decide not to participate in the study, no further action is required of you. Please contact me at enoch.kusi@vistraenergy.com, easare@udallas.edu or 972-413-0785, if you have any questions or concerns.

Sincerely,

Enoch Kusi Asare, MBA, MS, CPA, CGMA
Doctoral Student,

Satish and Yasmin Gupta College of Business

The University of Dallas

Participants’ Informed Consent

Title: Promoting employee engagement through enhanced performance management: A field study of accountants

Principal Investigators: Enoch Kusi Asare

I. Purpose:

You are invited to participate in a research study. The study is designed to examine the factors that impact employee engagement. You are invited to participate because you are a consenting CPA or non-CPA whose contribution to the study is invaluable. Participation will require only 8 to 10 minutes of your time in an online survey.

The research questions (RQ) are as follows:

RQ 1: What organizational level practices influence the engagement of accountants?

RQ 2: What managerial behaviors influence the engagement of accountants?
RQ3: How do organizational level practices and managerial behaviors work together to promote the engagement of accountants?

RQ1 will examine how organizational level practices impact the engagement of accountants. RQ2 will build on RQ1 to examine the managerial behaviors that influence the engagement of accountants. Lastly, RQ3 will study how the combination of organizational level practices and managerial behaviors promote the engagement of accountants.

II. Procedures:

If you decide to participate, the survey process will take approximately 8 to 10 minutes to complete. The questions are in the form of statements the request you to select how you disagree or agree with on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree). All answers will be based on your own experience, views, and perspectives. Your contribution will help to provide a better understanding of organizational level practices and managerial behaviors that enhance employee engagement.

In this study, you will not have any more risks than you would in a normal day of life. If you choose to withdraw from the study, no data collected from you will be used. Whatever you decide, there will be no adverse outcomes.

III. Benefits:
Your participation in this study benefits the accounting profession in terms of the study’s contribution to the understanding of the factors that drive the work engagement of accountants. Additionally, the study aims to propose enhanced approaches to addressing the low levels of employee engagement.

IV. Voluntary Participation and Withdrawal:

Participation in this research is voluntary. You do not have to be in this study. If you decide to be in the study and change your mind, you have the right to drop out at any time. You may skip questions or stop participating at any time. Whatever you decide, you will not lose any benefits to which you are otherwise entitled.

V. Confidentiality:

We will keep your records private to the extent allowed by U.S. law. The Principal Investigator (Enoch Kusi Asare) will have access to the information you provide. Information may also be shared upon request with those who make sure the study is done correctly: the University of Dallas Institutional Review Board and the Office for Human Research Protection (OHRP). The information you provide will be stored only on password protected computers with access limited to the research investigators. Your responses to the survey will be assigned a code, after which they can no longer be traced back to you. There will be no disclosure of any personal information when the results of this study are published or presented. The study’s findings will
be summarized and reported in group form, making it impossible for anyone to track your responses. You will not be identified personally.

VI. Contact Persons:

Enoch Kusi Asare,

University of Dallas at +1(972) 413-0789 or easare@udallas.edu.

If you have questions or concerns about your rights as a participant in this research study, you may contact Dr. Gilbert Garza, Chair of the IRB, University of Dallas Department of Education at mcaraway@udallas.edu

VIII. Copy of Consent Form to Subject:

A copy of this form may be printed for your records.

If you agree to participate in this research, please sign below.

_________   _______

Name       Date