A Study of Impact on Performance Appraisal on Employee's Engagement in an Organization

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Abstract*: The Performance appraisal is one of the most important human resource management practices as it yields critical decisions integral to various human resource actions and outcomes. The purpose of this paper is to explore the relationship between perceptions of performance appraisal fairness and employee engagement in the business organization context.*

In this rapid-cycle economy, business leaders know that having a high-performing workforce is essential for growth and survival. They recognize that a highly engaged workforce can increase inno¬vation, productivity, and bottom-line performance, while reducing costs related to hiring and retention in highly competitive talent markets.

The work climate and job characteristics have a differential effect on employee engagement. Both job and organization resources (performance feedback, autonomy, development opportunities, task variety, welfare, and support from line manager, colleagues and senior management) are linked to positive employee engagement of all types, and might therefore be useful tools for enhancing engagement. Equally, a relatively high level of pressure to produce has a positive effect on employee behaviors.

But while most executives see a clear need to improve employee engagement, many have yet to develop tangible ways to measure and tackle this goal. However, a growing group of best-in-class companies say they are gaining for its competitive advantage through establishing metrics and practices to effectively quantify and improve the impact of their engagement initiatives on overall business performance.

The survey found that many companies find it challenging to measure engagement and tie its impact to financial results: fewer than 50 percent of companies said that they are effec¬tively measuring employee engagement against business performance metrics like cus¬tomer satisfaction or increased market share. A significant gap appeared between the views of executive managers and middle managers in this area. Top executives seemed much more optimistic about the levels of employee engagement in their companies, making them seem out of touch with middle management's sense of their front line workers' engagement.

The Research is to getting Connection towards engagement to the business performance requires considerable effort and top management focus to a large degree, with enormous opportunity available to utilze for better function of companies.

Keywords: *Performance appraisal, Procedural justice, Distributive justice, Informational justice, Employee engagement, Performance management,*

1. INTRODUCTION

Employee engagement has emerged as a potentially important employee performance and organizationalmanagement subject (Endres G. M. & Mancheno-Smoak, 2008; Karatepe, 2009;

Karatepe et al., 2012; Robinson et al., 2004). A growing body of evidence supports the relationship between the engagement of an employee atwork and hotel organizational outcomes (Simpson, 2009), inclusive of those which are performance based. Eventhough the practitioners and researchers tout engagement as important work related factors, the efinitions andmeasurements of an engagement at work, and more specifically food and beverage service engagementemployees, are poorly understood (Leeet al., 2011; Liet al. , 2012). Therefore, it is reasonable to state that toachieve competitive advantage, organizations need to request human resources to set up a plan for bothemployee engagement and commitment (Cristina de Melloe Souza Wildermuth. & Pauken., 2008; Gruman &Saks, 2011; Osman M. Karatepe, 2012; Simpson, 2009). Recently there has been a vast concern to engageemployees. Several studies have claimed that employee engagement expects employee outcomes, financial performance and organizational success (Basbous, 2011; Ellinger et al.; Medlik & Ingram, 2000). Employeeswho are engaged are more likely to stay with their current organization and stay committed to their organization(Bakker et al., 2012; Cristina de Melloe Souza Wildermuth. & Pauken., 2008; De Clercqet al., 2010; Karatepe& Olugbade, 2009). Apparently, employees who are not engaged will affect hotel performance through higher absenteeism, higher turnover, lower productivity, and recruitment and training cost. With the current worldwidefalling economics, management is zooming into organizational efficiency and diminishing the operating cost inorder to be sustainable in the marketplace. On the other hand, a high level of employee engagement helps hotelsfocus on attracting new talent in the labour market (Basbous, 2011; Cristina de Melloe Souza Wildermuth. &Pauken., 2008; Gruman & Saks, 2011; Konget al., 2012; Wheeler et al., 2012).

The Employee engagement is the level of commitment and involvement an employee has towards their organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. It is a positive attitude held by the employees towards the organization and its values. Employee engagement is defined as a positive emotional connection to an employee's work. Engaged employees are inspired to go above and beyond the call of duty to help meet business goals. Engagement at work was conceptualized by Kahn, (1990) as the 'harnessing of organizational members' selves to their work roles. In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. There are a number of factors that defines an employee as an engaged employee. The concept has evolved from existing positive factors that make an employee positively productive. This paper identifies the key variables that describe employee engagement through a thorough literature survey and identifies the strength of impact of employee engagement in employee performance.

Employee Performance is outcomes achieved and accomplishments made at work. It is aimed at results as planned. Although performance evaluation is at the heart of performance management (Cardy 2004), the full process extends to all organizational policies, practices, and design features that interact to produce employee performance. This integrative perspective represents a configurational approach to strategic human resources management which argues that patterns of HR activities, as opposed to single activities, are necessary to achieve organizational objectives (Delery and Doty, 1996). One variable that has been receiving increasing attention as a key determinant of employee performance is employee engagement (Macey, Schneider, Barbera, and Young, 2009). Studies (Mone and London, 2010) suggest that fostering employee engagement will lead to higher levels of performance. Along these lines, we argue that the performance will be enhanced by focusing on employee engagement as a proximal outcome and fundamental determinant of job performance. The paper aims at studying the impact that the variable engagement along with its antecedents makes on the variable performance of employees. The instrument used to measure employee engagement and employee performance was validated and data was collected from 181 employees at lower and middle managerial levels to analyse the above objective.

2. LITERATURE REVIEW & HYPOTHESIS

Employee engagement is a popular term both in industry as well as in academia (Schaufeli & Bakker, 2010). In academia, Kahn (1990) conceptualized engagement as "the harnessing of organization members' selves to their work roles: in engagement, people employ and express

themselves physically, cognitively, emotionally and mentally during role performance" (p. 694). However, more recently, employee engagement is defined as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption" (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002, p. 74). These three components are characterized by the following:

Vigor is characterized by high levels of energy and mental resilience while working, the illingness to invest effort in one's work, and persistence even in the face of difficulties. Dedication refers to being strongly involved in one's work, and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption is characterized by being fully concentrated and happily engrossed in one's work, whereby time passes quickly and onehas difficulties with detaching oneself from work (Schaufeli & Bakker, 2010, p. 13). In industry, there are a number of definitions of engagement. For example, according to Development Dimensions International, "Engagement has three dimensions; (1) cognitive – belief in and support for the goals and values of the organization, (2) affective – sense of belonging, pride and attachment to the organization, (3) behavioral – willingness to go the extra mile, intention to stay with the organization" (www.ddiworld.com). According to Towers Perrin, employee engagement is considered an affective state that reflects employee's "personal satisfaction and a sense of inspiration and affirmation they get from work and being a part of the organization". Although there are numerous definitions of engagement, overall, it is defined in terms of organizational commitment, particularly affective commitment (i.e., the emotional attachment to the organization), continuance commitment (i.e., the desire to stay with the organization), and extra-role behavior (i.e., discretionary behavior that promotes the effective functioning of the organization) (Schaufeli & Bakker, 2010). In the current study, engagement is used to describe the extent to which employees are involved with, committed to, enthusiastic, and passionate about their work (Macey & Schneider, 2008). However, the vigor component of engagement is included in this study because Bakker and Xanthopoulou (2009) argue that vigor is the most influential component of engagement compared to absorption and dedication, and that it is also strongly associated with engagement outcomes. In fact, the vigor component has been reported as most crucial for job performance (Demerouti & Cropanzano, 2010)

3. ENGAGEMENT MANAGEMENT MODEL

As mentioned previously, Gruman and Saks (2011) assert that PM systems should incorporate employee engagement as research has shown PM systems to be ineffective. Although there are several PM models (see Armstrong, 2006; Cardy, 2004; Pulakos, 2009 for more detail), they mainly focus on a predictable set of variables such as establishing performance goals for employees, assessing performance, and providing feedback to improve performance. Specifically, PM systems generally consist of a sequence of stages or activities such as performance agreement (goal setting), performance monitoring or facilitation, and performance appraisal and feedback (Gruman & Saks, 2011).
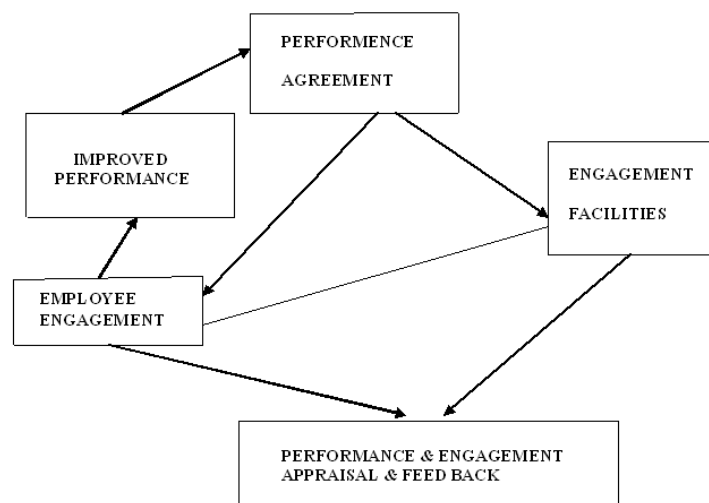
Engagement Management Model.
Note: *Arrows around the circumference of the model represent the engagement management process*

However, traditional PM systems do not include employee engagement. Based on existing models, Gruman and Saks (2011) have developed an engagement management model which is presented in Figure 1. This model is different from other PM models because the primary focus of the model is on fostering engagement. In other words, this model was developed in order to provide an effective application of PM systems that mainly focus on employee engagement in order to produce higher levels of performance.

The model begins with performance agreement, which outlines the goals and objectives that employees will be expected to accomplish. In addition to goal setting, this component includes a review and an agreement of a psychological contract. The second component is engagement facilitation, which focuses on providing resources that facilitate the development of engagement. These resources include job design, leadership, coaching, supervisor support, and training. The third component is performance and engagement appraisal and feedback, which focuses on perceptions of justice and trust as drivers of engagement. In summary, these three components contribute to higher levelsof engagement, which is then associated with enhanced performance. As shown in Figure 1, the arrows around the circumference of the model represent the engagement management process, and the dotted lines represent the drivers of employee engagement. Although the model depicts a sequence of steps, it is important to note that the process is ongoing and continuous (i.e., "performance agreement and engagement facilitation feed into employee engagement, [but] engagement facilitation activities might change throughout the process depending on employees' needs and based on appraisal and feedback") (Gruman & Saks, 2011, p. 128). Performance agreement. This first component involves setting goals that outline what employees are expected to accomplish, and a review and an agreement of a psychological contract. Goals are crucial for initiating engagement because they stimulate energy, focus, and intensity (Gruman & Saks, 2011). In support of this argument, Medlin and Green (2009) examined the relationships among goal setting, employee engagement, workplace optimism, and individual performance. They hypothesized that goal setting would impact employee engagement positively, and engagement would positively impact workplace optimism, which in turn would have a positive relationship with individual performance. Four hundred twenty six full- and part-time employees completed a survey related to goal setting, employee engagement, workplace optimism, and individual performance. As hypothesized, results showed that goal setting drove employee engagement, which led to optimism and, in turn, influenced performance. Hence, goal setting indirectly influenced performance through engagement and optimism. Medlin and Green suggest that in order to enhance engagement and optimism to improve performance, organizations should implement a goal setting process because it informs employees of their specific responsibilities.In addition to implementing a goal setting process within the organization, Macey et al. (2009) state that there should be an alignment between individual goals and organizational goals in order for engagement to occur. This is because this alignmentensures that employees engage themselves in tasks that are important to achieve organizational goals. In fact, Armstrong (2006) suggests that employees should be allowed to have a say in setting goals in order to increase the likelihood of producing engagement. Because studies have shown that goal setting indirectly influence performance through engagement, the current study will only focus on the goal's aspect of this component. This is because goals are essential in terms of the engagement process as it "stimulate[s] energy, focus, and intensity or the feeling of engagement" (Gruman & Saks,2011, p.128). In fact, without a specific purpose or objective, engagement does not occur (Macey et al., 2009). This leads to the following hypothesis: Hypothesis 1. Goal setting will be positively related to engagement.Engagement facilitation. This second component of the engagement model focuses on identifying and providing resources to employees in order for them to become engaged. This component involves job design, coaching, social support, leadership, and training (Gruman & Saks, 2011). The main focus of this component is to identify and provide resources in order to drive employee engagement, so the job-demand resources model (JD-R model) (Schaufeli & Bakker, 2004) will be used to provide a framework of how engagement is enhance.According to the JD-R model, work environment can be divided into two dimensions: demands and resources. Job demands refer to features of a job that require physical and/or psychological effort from an employee and have the potential to impair his or her health and consequently reduce his or her job performance. Common job demands are work overload, job insecurity, role ambiguity, and role conflict (Schaufeli & Bakker, 2004). Job resources are

features of a job that are functional to achieve work goals, reduce job demands, and stimulate growth, learning, and development (Schaufeli & Bakker, 2004). Common job resources can come from the organization (e.g., pay, career opportunities, job security), interpersonal and social relations (e.g., supervisor and co-worker support), the organization of work (e.g., role clarity, participation in decision making), and/or from the task itself (e.g., skill variety, task identity, task significance, autonomy, performance feedback) (Bakker & Demerouti, 2007).Much research (e.g., Doi, 2005; Halbesleben & Buckley, 2004) has shown that job demands may lead to problems such as exhaustion or health impairments, whereas job resources may foster a motivational process leading to job-related learning, work engagement, and organizational commitment (e.g., Salanova, Agut, & Peiro, 2005). For example, Bakker, Hakenen, Demerouti, and Xanthopoulou (2007) found that job resources influenced work engagement. Data were collected from 805 Finnish teachers working in elementary, secondary, and vocational schools who completed a questionnaire regarding work engagement and student misbehavior. This study showed that job resources such as supervisor support, innovativeness, information, recognition or rewards, and organizational climate diminished the negative relationship between student misbehavior and work engagement. Hence, Bakker et al. suggest that these could all be considered as important job resources because each of these conditions was able to buffer the negative impact of student misbehavior on engagement. Similarly, researchers have found other forms of job resources to be correlated with engagement (e.g., Hakanen, Bakker, & Schaufeli, 2006; Schaufeli & Bakker, 2004). For example, Schaufeli and Salanova (2007) argued that employee engagement is increased when managers provide their subordinates with coaching, advice, and emotional support.

In fact, in order to keep employees engaged, organizations need to allow them to continue to develop and grow throughout their careers; hence, Gruman and Saks (2011) suggest that training is a relevant method of providing employees with resources that allow them to fully engage, and gain knowledge and skills for their career and professional development. For example, Paradise (2008) examined the connectionbetween employee engagement and learning. Data were collected from executives, HR professionals, and other business leaders who reported their organizations' practices such as measuring, facilitating, and supporting engagement among their workers. Results from this study revealed that the learning function played a key role in shaping engagement. Specifically, when respondents were asked about the factors that influenced engagement in their organization, they ranked the quality of workplace learning opportunities as most important. Similarly, Xanthopoulou, Bakker, Demerouti, and Schaufeli (2009) found that managerial coaching, defined as providing employees with guidance and feedback in problem solving, had a direct positive relationship with an employee's work engagement on the following day which was later found to influence financial returns for that day.

Additionally, Brown (2011) suggests that in order for employees to be engaged, their perceptions of opportunities to move upward are essential. Demerouti and Cropanzano (2010) argued that job resources are hypothetical antecedents of engagement, so the current study focuses on job resources in the form of managerial support, training, and development opportunities. The following hypothesis will be tested: Hypothesis 2. Job resources will be positively related to engagement. Performance and engagement appraisal and feedback. This component of the model involves appraisals and evaluations of employee performance. In terms of employee engagement, Gruman and Saks (2011) suggest that the process should also include an assessment of an employee's engagement behavior (e.g., persistence, proactivity, role expansion, adaptability). The main activities of this component areperformance appraisals and feedback, but in order to enhance engagement, Gruman and Saks argue that trust and justice perceptions are essential.

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

showed that autonomy, rewards, and recognition were significant predictors of employee engagement.

Feedback also promotes engagement because it fosters learning, which increases job competence and the likelihood of being successful in achieving one's work goals (Bakker & Demerouti, 2008). For example, Wagner and Harter (2006) found that employees were more likely to remain at their company and recommend the company as a good place to work when their managers regularly checked in with them. Hence, providing supportive feedback allows employees to know that managers care about their performance and success, which increases their levels of engagement (Marciano, 2010).Additionally, Gruman and Saks (2011) suggest that in order to enhance engagement, employees need to perceive that appraisals and feedback are provided in a fair manner. Macey et al. (2009) stated that trust and fairness are the foundation for employees to feel and act engaged. Trust is defined as how positively people feel that others will act for them and with them in the future (Macey et al., 2009), and fairness is the "extent to which decisions at work are perceived as being fair and equitable" (Maslach & Leither, 2008, p. 500). For example, Maslach and Leiter (2008) demonstrated that fairness was associated with engagement. A longitudinal study was conducted in order to examine how burnout changed over time. Specifically, the purpose of their study was to examine which of the six areas of worklife (workload, control, reward, community, fairness, and values) were indicators of burnout. Participants completed the survey at two different times with a one year interval. Results from their study showed that those who perceived inconsistency in the area of fairness at Time 1 experienced burnout at Time 2, whereas those without this inconsistency reported engagement. Hence, employees' perception of fairness in the workplace determined whether they changed toward burnout or engagement at a later time (Maslach & Leither, 2008).

Because studies have shown that rewards and recognition, feedback, and fairness lead to good performance and engagement (e.g., Brown, 2011; Gruman & Saks, 2011; Maslach & Leither, 2008), the current study only focuses on recognition, feedback, and fairness. Therefore, this leads to the following hypothesis: Hypothesis 3. Recognition, feedback and fairness will be positively related to engagement.

Engagement and performance. Lastly, the engagement management model posits that engagement leads to improved performance. According to Roe (1999), performance can either be referred to as a process or an outcome. The process ofperformance focuses on particular actions or behaviors that individuals undertake to achieve performance or what they do in work situations. In contrast, the outcomes of performance are products or services produced that are consistent with the organization's overall strategic goals. For the purpose of the current study, the outcome of performance is utilized, and it is in the form of supervisory performance ratings. Over many years, studies have shown that engagement is positively correlated with organizational performance (e.g., Harter, Schmidt, Killham, & Asplund, 2006; Towers Perrin-ISR, 2006). For example, Harter et al. (2006) from the Gallup Organization examined 23,910 business units by comparing their financial performances with their engagement levels and found that those with higher engagement levels had a lower rate of turnover, less inventory shrinkages, and fewer accidents than those with lower engagement levels. Moreover, productivity increased by 18% and profitability by 12% among those business units with higher engagement levels.

Similarly, Tower Perrins-ISR (2006) collected data from over 664,000 employees from more than 50 companies around the world and compared financial performance of those organizations with their engagement levels. Results showed that companies' operating incomes improved by 19.2% for those with higher levels of employee engagement, whereas operating incomes decreased by 32.7% for companies with lower levels of employee engagement.

Although studies have shown that employee engagement is correlated with organizational outcomes (e.g., return on assets, profits), Rich, LePine, and Crawford (2010) argue that researchers have not examined employee engagement as a mechanismthat connects employee characteristics and organizational factors to job performance. Rich et al. assert that engagement provides a more comprehensive explanation of a relationship with performance compared to the other well-known concepts (i.e., job involvement, job satisfaction, and intrinsic motivation). The purpose their study was to examine engagement as a key mechanism that explains the relationships among a varietyof individual characteristics, organizational factors, and job

performance. Data were collected from 245 firefighters and their supervisors. These two groups of participantswere asked to rate their own levels of job engagement, job involvement, job satisfaction,intrinsic motivation, value congruence, perceived organizational support, and core selfevaluations. Several variables (i.e., job involvement, job satisfaction, intrinsic motivation,and engagement) were examined as mediators, but Rich et al. found that engagement wasthe variable that fully accounted for the relationships among the antecedents (i.e., valuecongruence, perceived organizational support, and core self-evaluations) and job performance. In other words, engagement had a greater predictive power compared to the other variables.Findings from Xanthopoulou, Bakker, Heuven, Demerouti, and Schaufeli's (2008) study also supported this argument that engagement as a mediator provided a more comprehensive explanation in relationships between antecedents and performance outcomes than other variables (e.g., self-efficacy). They examined whether colleague support predicted job performance through self-efficacy and work engagement.

Results from their study showed that self-efficacy did not mediate the relationship between colleague support and performance, but engagement did. Not only did engagement mediate the relationship between colleague support and performance, it also mediated the relationship between self-efficacy and job performance. Therefore, Xanthopoulou et al.'s study supported Rich et al.'s (2010) argument that engagement has more predictive power as a mediator and it is a means through which organizations can create competitive advantages.

Additionally, according to Gruman and Saks (2011), individual performance is a necessary pre-condition for organizational-level outcomes, but there is a lack of evidence in terms of how engagement relates to individual performance. However, there exists indirect evidence which links engagement to individual performance. In the educational context, Schaufeli, Martinez, Pinto, Salanova, and Bakker (2002) examined the relationship of engagement and burnout with academic performance. The study consisted of Spanish, Dutch, and Portuguese students. The number of passed exams and the total number of exams taken during the semester were computed into a ratio in order to determine academic performance. They found that engaged students were more likely to pass their exams, felt less exhausted, and less cynical (experienced more efficacy and vigor), than those who performed poorly on their exams. Although many studies have shown that engagement is positively correlated to organizational performance (e.g., Harter et al., 2002), there is a lack of theory and empirical observation for the role of engagement as a means through which organizations can create competitive advantages (Rich et al., 2010), and researchers argue that engagement provides more value as a mediator (e.g., Rich et al., 2010; Xanthopoulou et al., 2008). Therefore, based on these arguments, the following hypothesis will be testedHypothesis 4. Employee engagement mediates the relationship between each of the drivers of engagement (goal setting, job resources, and recognition, feedback and fairness) and employee performance PA justice and employee engagement

The Judgmental evaluation appears to be a collection of methods, and as such, could be considered a methodology as an essential piece of this method is rater training. Rater training is the "process of educating raters to make more accurate assessments of performance, typically achieved by educing the frequency of halo, leniency, and central-tendency errors". Rater training also helps the raters "develop a common frame of reference for evaluation" of individual performance.Many researchers and survey respondents support the ambition of effectual rater training. However, it is noted that such training is expensive, time consuming, and only truly functional for behavioral assessments.

A common approach to obtaining PAs is by means of raters. Because the raters are human, some error will always be present in the data. The most common types of error are leniency errors, central tendency errors, and errors resulting from the halo effect. Halo effect is characterized by the tendency to rate a person who is exceptionally strong in one area higher than deserved in other areas. It is the opposite of the Horns effect, where a person is rated as lower than deserved in other areas due to an extreme deficiency in a single discipline. These errors arise predominantly from social cognition and the theory in that how we judge and evaluate other individuals in various contexts is associated with how we "acquire, process, and categorize information".

Another piece to keep in mind is the effects of rater motivation on judgmental evaluations. It is not uncommon for rating inflation to occur due to rater motivation (i.e. "organizationally induced pressures that compel raters to evaluate ratees positively"). Typically, raters are motivated to give higher ratings because of the lack of organizational sanction concerning accurate/inaccurate appraisals, the rater's desire to guarantee promotions, salary increases, etc., the rater's inclination to avoid negative reactions from subordinates, and the observation that higher ratings of the ratees reflect favorably upon the rater.

Methods of Sample:

1. *Problem:* Sometimes, ratters are influenced by some of the characteristics that people show.

2. Depending if those characteristics are similar or different to ratters' one, they would be evaluated differently.

3. *Example:* A manager with higher education degree might give subordinates with higher education degree a higher appraisal than those with only bachelor's degrees.

4. *Solution:* Try to focus on the performance the employee is doing regardless the common characteristic that you have

4. MEASUREMENT OF PA

A succession of such strategies have garnered the attention of managers and organizations over the past twenty years. Employee involvement, employee empowerment, continuous improvement, management by objectives - I am sure that you can think of many more - have all had the same fatal flaw in implementation. Most organizations implemented them as a program that was ancillary to the actual business. By thinking about employee engagement, as a planned business strategy with expected and measured business results, perhaps it can escape the onus of just another HR program.

1. Keeping With this in mind, employee engagement takes effective managers who are committed to:

   (a) measuring employee performance and holding employees accountable,

   (b) For providing the communication necessary to align each employee's actions with the organization's overall business goals,

   (c) And pursuing the employee development necessary to ensure success, and making a commitment (time, tools, attention, reinforcement, training, and so forth) to keeping employees engaged over the long haul because they fundamentally believe and understand that no other strategy will produce as much success – for both the business and the employees.

5. PROCEDURE

The aim of the procedure is to replace it with one that actually achieves the desired outcomes of increasing individual development, improving communication between employees, implementing organizational strategies, and improving organizational performance.

The motivation to replace the typical performance appraisal methods is achieved by clearly articulating four essential steps. First, the book clearly demonstrates the folly of using the typical performance appraisal. It provides compelling evidence of its inability to achieve the intended outcomes. Most leaders who use the typical appraisal process are already convinced of this.

Second, the book explains how we have all been misled (with the best of intentions) to adopt a flawed paradigm that sustains (justifies) the use of the typical appraisal.

Third, it describes a more effective leadership paradigm (systems thinking and Dr. W. Edward Deming's System of Profound Knowledge) which is based on a set of assumptions consistent with systems thinking and finally it provides a replacement for the typical performance appraisal which enables leaders to address the daunting contemporary challenges that keep them awake employee performance at night for best results.

6. RESULTS

The performance appraisal is primarily about what employees need to deliver to drive the organization's success. It's an opportunity to review results, provide feedback on how results were achieved (if your performance management systems includes competencies or organizational values), and confirm expectations.

So, each employee solve it. Your best managers already understand this. They're not waiting for survey data to shape what they do. They don't make engagement a once-a-year priority, distinct from what they do the rest of the time. They always manage their teams with an eye toward results and engagement.

7. DISCUSSION

The out come of the Performance discussion should be shared for the better understanding, between the Employees of future requirement (work development goals) and steps to be taken for its achievements.

An effective change which takes a lot of deliberate and planning change has to be facilitated when there is a clear vision of what is desired, the skills to do the work, motivation and agreement,, the available right resources, and action plan for how to get there benefits.

8. CONTRIBUTIONS TO PRACTICE

The companies where employees are incharge, have reduced costa, restricted, rationalized, spending and encourages employees to work harder than ever and more than 60% of organizations, tell us one of their top dealin is with "overwhelmed employee's".

The power will shift high performing employees will start to exert control. While there will be high level of un employment in places, generally people have change their perspective. They want to work which is meaningful, rewarding and enjoyable, Midlevel staff will also strive for leadership development, and it can be predicted in the following ways given below:

1. By recruiting better than your competition, one must expand the sourcing and recruiting to global level, building talent network.

2. The "training department" will be renamed "capability development." Companies will find skills short and they will have to build a supply chain for talent.

3. The days of "stacked ranking" are slowly going away in today's talent- constrained workplace, to be replaced by a focus on engaging people and helping them perform at extraordinary levels.

4. Engagement and retention will become a top priority. But rather than focus on engagement surveys, you will expand your horizons to look at engagement from a holistic standpoint.

5. The time is to build a "facilitated talent mobility" strategy which includes open access to internal positions, employee assessment tools interview guides, and leadership values that focus on internal development.

6. Surprise: in our global Human Capital Trends research the need to "Reskill HR" was rated one of the top five challenges in every geography around the world.

7. The talent acquisition market is the fastest-changing part of HR: new social recruiting, talent networks, BigData, assessment science, and recruiting platforms are being launched.

8. Dozens of other fast-growing talent management companies are now offering end-to-end solutions. And most now offer integrated analytics solutions as well.

9. Talent Analytics is red hot. More than 60% of you are increasing investment in this area and company after company is uncovering new secrets to workforce performance each day.

10. It is judged by its ability to acquire, develop, retain, and help manage talent. And more and more HR is being asked to become "Data-Driven" – understand how to best manage people based on real data, not just judgement or good ideas.

9. IMPLICATIONS FOR RESEARCH

While this study is an important first step in exploring the role of managers in enhancing employee engagement, it is not without limitations and does point to a need for further research. As the study was conducted with participants drawn from a single organisation, further research is needed to test the applicability of the findings in other workplaces and sectors.

The aim of this research was to develop a behavioural competency framework in order to provide clear guidance on the behaviours managers need to show and avoid in order to enhance employee engagement. Thus the framework provided in this report, together with the specific positive and negative behavioural indicators given in the results section, can be used by employers to support managers. This support might be through simply providing the information to managers or might feed into specific people management interventions.

The key message for managers is that the research findings provide a clear indication of the behaviours required to enhance employee engagement, as well as the behaviours that may negatively impact employee engagement. While the resulting management approach could be regarded as general good people management, the framework specifies which elements of people management are the most important for engagement and which behaviours need to be avoided.

10. LIMITATIONS

limitation of this study is that it relies on self reported data. Though self reported objective and demographic data is easily verifiable, other information like feelings, attitudes and perceptions are not. Further studies on the subject could include a wider sample sector and also ensure the inclusion of all grades in an organization to minimize error that may arise due to hierarchies

11. CONCLUSIONS AND RECOMMENDATIONS

This study confirms that total rewards structures, programs and policies influence employee engagement. However, what is also evident is that the majority of compensation professionals do not necessarily consider how total rewards programs affect employee engagement in the design of rewards structures, policies and programs. The lessons learned from this study and the recommendations for supporting employee engagement through total rewards programs include the following:

1. Organizations that encourage managers to engage employees by making it a performance criteria and rewarding engagement through incentive programs indicate that their organizations more effectively foster employee engagement and motivation then those organizations that do not. As such, if compensation professionals wish to encourage employee engagement, they should :

   - Develop performance metrics that measure the extent to which supervisors or managers encourage engagement among their subordinates.

   - Reward supervisors and managers for developing employee engagement among their subordinates and peers.

   - Specifically define employee engagement and include it as goal in the strategic plan.

2. When the impact of different categories of rewards programs on engagement was studied, it was discovered that base pay and benefits had the overall weakest relationship with the organization's ability to foster high levels of employee engagement and motivation compared to incentives, intangible rewards and quality of leadership on engagement. Quality of leadership had the strongest relationship with effectively engaging and motivating employees. As a result, compensation professionals should:

   - Use pay packages to attract leaders who have demonstrated their ability to engage employees.

   - Think in terms of total rewards and not just financial rewards. Develop employee engagement resources that are directed toward work environment or organization climate, work-life balance and the nature of the job and quality of the work, and career opportunities.

3. Opinion surveys were included in this study because they are often associated with efforts to enhance employee engagement and because they are a mechanism for obtaining employee feedback on a variety of work-related issues, including total rewards programs. Respondents indicated that employee surveys were used by 80% of the organizations they represented. Although more frequent use of employee opinion surveys was associated with effectiveness in fostering high levels of employee engagement and motivation, the relationship was much stronger for organizations where employee opinion survey results generate action and change. As such it is not enough to conduct employee opinion surveys; management must respond to input and suggestions with concrete actions and change. Employees should be involved in those change efforts.

4. The gold standard in terms of building cooperation and commitment is involvement. The study indicated this was true for the design, implementation and assessment of total rewards programs. Although supervisors and managers are involved in the design, implementation and assessment of rewards programs more frequently than employees, their involvement is still relatively infrequent. Thus, involvement in the design, implementation and evaluation of total rewards programs offers a direct way for compensation professionals to enhance employee engagement.

5. Because of length constraints of the total rewards and engagement survey, there was no opportunity to more fully explore the impact of pay communications and openness on employee engagement. However, previous research indicates that compensation professionals appreciate the importance of pay communication as a means for aligning pay programs with the business strategy and the interest employees have in understanding how they were paid (Scott, Sperling, McMullen and Bowbin 2008; Scott, McMullen, Sperling and Bowbin 2007; Shields, Scott, Sperling and Higgins 2009). Employee understanding of compensation strategy, programs and policies — assuming compensation is based on common notions of fairness — provide a foundation for engaging employees. The articles noted above offer a fuller discussion of communication methodologies and recommendations as to how total rewards programs should be communicated

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