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Promoting Work Well-being:
Professional Burnout &
Occupational Stress

Edited by: Alexander-Stamatios Antoniou

VOLUME C



Science is ever-changing

New research accomplishments and clinical experience has expanded the field of medical knowledge and represent an ongoing process. With this in mind, it is imperative that we make the appropriate changes as far as it concerns the course of action, in the treatment of our patients.

The content of this textbook reflects all the most recent knowledge and internationally accepted techniques as they are analyzed by experienced authors in the field, in each chapter.

Nevertheless, the authors and the editor acknowledge that every medical opinion is under the limitations of the time frame that this book was created, as well as possible mistakes that might have escaped their attention.

Readers of this textbook are encouraged to keep that in mind, while at the same time we hope that the information included will become a starting point for young colleagues or the more experienced ones, for new research projects, clinical trials or maybe an updated version of the book in the near future.

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Performance Management Systems (PMS) and Work-Related Stress. Theoretical Perspectives

Chapter

13

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Introduction

A wide range of management techniques and policies are being introduced in organisational settings to aid the improvement of employee's productivity and efficiency-Management by Objectives (MBO), appraisal reviews, pay-related systems etc. (Bursch, 1998; London et al., 1998). Within the recent past, a shift has been taken from independent traditional processes such as Performance Appraisals and Management by Objectives (MBO) to Performance Management Systems (PMS), which combines various management techniques, individual processes and human resource strategies (Fletcher, 1997; Taylor & Pierce, 1999) in a broader and holistic approach (Bevan & Thompson, 1991).

Despite the fact there is no universally acceptable definition for performance management and that the way this term is used in practice varies substantially (Fletcher & Williams, 1996), these systems can be characterized as a systematic process aiming to improve and manage the contribution of the employees to the organization's successful performance (Fowler, 1990), to develop their competencies, to distribute rewards (Fletcher, 2001) and to support the achievement of the company's business strategies. Such systems are considered the main means of strategic integration of business strategy and organisational, departmental and individual objectives (Armstrong, 1994; Fletcher & Williams, 1996).

A general but central notion in Performance Management Systems is the establishment of a shared vision of the objectives and purpose of the organisation communicated throughout the organisation and to all employees (Bevan & Thomson,

1991; Fletcher & Williams, 1996). 7 specific distinct characteristics of Performance Management have been found to be universal (IPM, 1992) despite the fact that a limited consensus exists in the literature (Bevan & Thompson, 1991): goal setting and clarity of goals, participation, feedback of results, clear links between personal and organizational objectives, links between effort and performance and effective internal communication between the individual and the organization. Performance Appraisals and goal setting are placed in the center of the wider approach as key parts of a systematic process that integrates the management of both the organisation and employee (Taylor & Pierce, 1999). The following major components of such systems have been identified despite the fact that their minor characteristics differ substantially in practice (Fowler, 1991):

- The development of a mission statement or shared vision of the organisational objectives
- The set of individual performance management objectives which fit to the broader departmental and organisational objectives
- Regular formal reviews of progress towards these objectives
- The identification of training and development needs and the implementation of reward strategies through the review process.

Such an integration of individual personnel management techniques in a holistic approach with emphasis on shared values and objectives (Fowler, 1990; Fletcher & Williams, 1992) that complement business objectives applied across all occupational levels (Bevan & Thompson, 1991) and identifies importance of both extrinsic and intrinsic rewards, lead researchers to speculate that the effective implementation of Performance Management will result not only in the improvement of organisational efficiency and performance (Fowler, 1990) but also in the enhancement of employee's motivation, attitudinal outcomes (Fletcher, 1997; Schneier, 1991) and even that it will work as resource component enhancing well being reflected in stress levels.

However, research on the effectiveness of Performance Management as holistic approach per se is sparse; an extremely limited number of studies have been conducted to explore the efficiency of such programs and their relation to attitudinal, motivational or health related outcomes; few studies have been conducted which examine several aspects of Performance Management simultaneously (often focused on a single underlying process such as goal setting). Importantly, extremely restricted numbers of studies have linked these aspects with some indices of stress, well-being or mental health in general. This chapter discusses Performance Management Systems in relation to stress-related outcomes on the basis of the existent empirical evi-

dence—mostly regarding the individual processes which constitute performance management and using the existing knowledge for work-related stress, conceives a theoretical framework for associating performance management and its' aspects with well being. Given the extremely limited empirical evidence, this chapter attempts to clarify the relationship between performance management systems and work related stress based mostly on assumptions and theoretical often indirect, evidence in order to build a framework regarding their relationship.

Performance management aspects as psychosocial hazards

The concept of stress provides a legitimate framework for operationalising the relationship between potentials work hazards or stressors and health outcomes (Beehr et al., 1978; Cox et al., 2000). Building on the taxonomy for psychosocial factors as proposed by Cox (1993) where the notion of psychosocial hazards is defined as "those aspects of the design and management of work and its social and organizational contexts, that have the potential for causing psychological and physical harm (Cox & Griffiths, 1996), it can be argued that potential hazards such as performance management issues, theoretically, can be conceptualized as such, despite the fact that they are not represented empirically in the scientific literature.

Since it is widely supported that organisational tasks and design, management issues and role variables can affect employees' psychological health and well being (Beehr & Newman, 1978; Cox, 1978; Cox, Leather et al., 1990), performance management's aspects can be conceived as belonging under this broad category; the organisational context, which is offered for work and the behaviours that are shaped within it, can potentially determine employees' health (Cox & Thompson, 2000). Defining as stressors all factors that affect the individual and require additional coping strategies and to the extent that organisational tasks and design, management issues and role variables can affect employees' well being, aspects of performance management can be accounted for being potential stressors; goal conflict, perceived unfair feedback, lack of appropriate participation or communication may result rationally in potential physiological or psychological dysfunctioning. Indeed, Griffiths (1998) in line with the author's view, speculated that generic factors relating to knowledge and information sharing, in the light of new forms of work, such as poor appraisal, ineffective feedback or communication processes may also be associated with the experience of stress or with poor well being, thus to constitute potential psychosocial hazards despite the fact that the literature does not yet provide efficient evidence.

Performance management and attitudinal outcomes

Since job satisfaction and organisational commitment have been found to be negatively related to stress (Ostroff, 1992; Parasuraman et al., 1984), it can be speculated that if these attitudinal outcomes are positively related to performance management, a negative association with stress and psychological health can be supported that exist. The assumption is that the involvement of employees, the fit between organisational and individual goals, and employee commitment to the organisational vision (as prevalent notion of performance management) will lead to higher job satisfaction and organisational commitment, and consequently to improved performance. Research gives empirical basis and support for these assumptions; job satisfaction and organisational commitment are presumed to be major attitudinal outcomes of performance management's aspects (Pettijon et al., 2001; Taylor & Pierce, 1998).

Indeed, studies on person-organisation fit (Chatman, 1989; Vancouver & Schmidt, 1991) and organisational communication (Porter & Roberts, 1976) provide empirical evidence that the commitment to and communication of organisational goals predicts attitudes of employees like job satisfaction and organisational commitment and behaviours like intention to quit. Additionally, the research on the antecedents of organisational commitment (Mathieu & Jajac, 1990; Mowday et al., 1982) clearly supports the notion that role states and organisational characteristics are positively related to this attitudinal outcome.

Thus, since performance management, as holistic approach, influences elements of organisational functioning, the assumptions that it is related with these outcomes are legitimate. Among the limited empirical evidence, Fletcher & Williams (1996) have supported empirically these assumptions; in a large-scale study including 9 private and non-profit organizations have found that the quality of most elements of performance management did contribute to positive employee attitudes such as job satisfaction and that in combination within the Performance Management System their effects were even stronger.

In addition, the extensive empirical study on work motivation regarding individual processes – goal setting, performance appraisal feedback, links between performance and rewards – has provided rather indirect evidence for the speculated relationship between performance management and the above attitudinal outcomes; these constitute central components of performance management and thus can demonstrate clear implications. Motivational, practical and attitudinal effects of goal setting are well documented within the literature (Locke, 1965; Locke & Latham, 1990). In various experimental and field studies (Locke, 1965; Locke & Latham, 1984; Locke & Latham,

2002; Ivancevic & McMahon, 1982) it was found that specific, difficult goals lead to increased job performance and job satisfaction. Goal setting theory (Locke & Latham, 1990) provides the theoretical evidence for these associations; through the attainment of the specific and high goals, a sense of liking towards the job and satisfaction with the performance is experienced which leads to enhanced job satisfaction. In addition, concrete and well-defined goals lead to clear understanding of the necessary activities and to role clarification.

Additionally, in the extent to which role conflict, unclear goals and unpredictability and ambiguity are negatively associated with job satisfaction and organisational commitment (Jackson & Schuler, 1985; Mowday et al., 1982), goal setting (Taylor & Pierce, 1998) and performance appraisal reviews (Fletcher, 1997) can lead to these favoured results in the degree which clarify role expectations and goals. Performance appraisal, which in the framework of performance management are the vehicle through which organisational goals are linked with individual objectives, in general have been associated with job satisfaction and other attitudes (Pettijohn et al., 2001) particularly when focused on employee development (Fletcher, 2001). Taylor and Pierce (1998) using a longitudinal quasi-experimental design, interestingly, have shown that performance appraisals (linked with bonus pay) had less favorable consequences on attitudinal outcomes than goal setting. However, the study can be criticized in many grounds since no control group was included.

Empirical studies also suggest that feedback or knowledge of results (also a major aspect of performance management in the appraisal reviews) can have motivational and attitudinal outcomes (Greller, 1980). The effect, however, of feedback on job satisfaction and organisational commitment has been found to result due to goal setting; feedback plus goal setting was proved to lead to higher job satisfaction and organisational commitment than providing feedback or goal setting alone (Ivancevic & McMahon, 1982).

The positive effect of the emphasis of performance management on the establishment of a clear relationship between performance and reward (Fletcher & Williams, 1996) is supported theoretically by expectancy theory (Vroom, 1964); in the extent that reward is valued by the employees and they experience a high subjective probability of outcome, links between performance and reward can enhance motivation (Sims et al., 1976) and consequently, organisational commitment and job satisfaction. A similar argument can be introduced for reinforcement theory (Steers & Porter, 1991) as well; if there is an obvious linkage between the receipt of a highly valued compensation, as consequence of performance motivational impact will arise. Finally, the literature of management by objectives (MBO), a management activi-

ty that resembles performance management (Fowler, 1990) as far as the goal setting component is considered, provides indirect supportive evidence for the associations of the latter attitudinal outcomes (Konradt et al., 2003).

Performance management aspects as potential stressors or as potential resources

Based on the above argument, that the implementation of an effective Performance Management could positively affect attitudinal outcomes, it could be hypothesized that performance management should enhance employees' well being as well. Following this line of argument, Fletcher and Williams (1996) supported that since in their study has been shown that a comprehensive approach to performance management enhances job satisfaction and organisational commitment, stress levels should be lowered and health status should be enhanced. This hypothesis was not examined empirically but their study provided even limited evidence to support the relative inadequacy of individual processes such as expectancy links, organisational communications or even goal setting when are implemented separately in comparison with their combined effects within a performance management system. Interestingly, Bevan and Thompson (1991) added an additional parameter regarding the speculated association arguing that an excessive emphasis on organisational ends and on bottom line, as promoted by a reward-driven approach of Performance Management, can work at an expense of the well being of employees but neither this assumption has been tested empirically.

Research on individual processes can provide an insight such relationships. Since the literature suggests that role states (role ambiguity) can work as potential stressors (Parasuraman & Alutto, 1984), it could be expected that when performance management (regarding a major part of it, namely goal setting) is efficiently employed (e.g., moderate goal difficulty and goal load), (Locke & Latham, 1984) then it may serve as a technique for reducing stress. Quick (1979) have shown empirically that goal setting reduced role related level of stress among employees. The positive effects of goal setting can be explained by goal setting theory (Locke & Latham, 2002) as stated above.

Similarly, Konradt et al. (2003) have shown that the quality of MBO characteristics have predicted the stress levels for teleworkers, providing indirect supportive evidence for the speculated associations between Performance Management and stress related outcomes; employees who perceived higher quality of MBO i.e. clearer goals, comprehensive feedback and increased participation, experienced lower stress levels and higher job satisfaction. This evidence might lead us to assume that when these individual processes are integrated in a multiple systemic approach such as performance management their impact will be even greater (Fletcher & Williams, 1996).

Caution, however, is needed in the interpretation of the above studies, since they all employed different measurements of stress. Additionally, the majority of the studies (Fletcher & Williams, 1996; Konradt et al., 2003), used a cross-sectional design, which cannot establish causality between the associations of such aspects with stress levels. Only longitudinal studies in a large samples that would explore how the devising and implementation of different performance management's aspects have different effects on attitudinal and health related outcomes (with probably more specific measures, such as stress) would be useful to the understanding of the nature of performance management. The existence of a comparison control group would also give an additional illuminating insight.

Theoretical perspectives

Based on the arguments as stated above, it can be theoretically supported that the quality of the systems employed i.e clarity, constructive feedback moderate goal difficulty, participation, observed links between performance and rewards and effective communication of organisational performance and developments and not their simple application serves as determinant for the role of such systems as psychosocial hazards, namely as potential stressors or resources. A possible speculation regarding the differential impact of performance management on employees' health is whether reward driven or development driven approaches have stronger effects on such outcomes. As already noted, Bevan and Thompson (1991) supported that when such systems focus on bottom-line strategies and not on development strategies may affect negatively employees' well being. The same authors identified this factor as critical success factor for effective performance managements systems as a whole.

Another point that may be raised, given the underrepresentation in the scientific literature of ineffective performance managements aspects as potential stressors, it is probable that performance management's quality impact as psychosocial hazard is not stressful enough to result in stress related outcomes. Using a borrowed theoretical framework from environmental psychology regarding environmental stress and health (Evans, 2000). it could be suggested that environmental stressors such as noise (Leather et al., 2003) may not be stressful enough to have an impact on self-reported health but in combination with co-occurring stressors, environmental conditions may buffer the effect on well-being or stress levels. Applied to performance management, the poor quality of such processes may not be stressful per se but that they may act cumulatively with other co-occurring stressors to form the negative impact on well being and psychological health reducing the available coping mechanisms; it is also probable that task chara-

cteristics or social support may mediate the association between performance management and stress; future research should work toward this direction.

Performance management is often presented enthusiastically by their advocates as having all the potentials for motivating and developing employees, for integrating strategy, organisational and individual objectives and importantly, for enhancing organisational performance. It is supported that performance management should not only result in financial improvement but importantly with an enhancement of employees' job satisfaction, motivation commitment the organization (IPM, 1992) and prospectively to their well-being. Is, however, their single introduction adequate for reaching its target? If various characteristics of performance management affect outcomes like job satisfaction and organisational commitment and importantly employees' well being, as the present paper points out, outcomes linked with overall organisational effectiveness as the organisations should be more concentrated on increasing the quality of the systems they perform. Since organisations seem to implement such systems hastily, based on a common sense belief that their simple introduction is adequate, similar arguments stress the point that a comprehensive, well-designed and careful implementation of such systems might result not only to satisfied but also to healthy and productive employees.

Conclusion

Drawing upon the evidence presented throughout this paper, even limited or indirect, we can speculate that such aspects when are part of an integrative system have the greatest potentials to act as resource components: role clarification, effective communication of organisational goals, fair feedback, observed link between individual effort and organisational effectiveness, supervisory support (through feedback processes), all constitute potential characteristics of a robust, comprehensive and well designed Performance Management System that can work as a resource which might enhances employees' well being.

This chapter has presented all the available evidence for associating Performance Management Systems with work-related stress and attempted to clarify the nature of their speculated relationship. A theoretical framework has been conceived to support that the quality of such systems determines their effectiveness and their impact on employees' well being as reflected to stress levels. Though this chapter has also been argued that performance management's aspects, often regarded as very context specific to be represented in the scientific stress literature as being associated with stress or well being, provide mechanisms that can be very beneficial to employees' reported well being when applied comprehensively.

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