



High Involvement Management and Employees Performance Mediating Role of Job Satisfaction

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ABSTRACT

The purpose of this study was to augment the existing literature on the relationship between high involvement management and Employee job performance with the mediating effect of job satisfaction in the banking sector. Based on the available literature a conceptual framework was designed to study the relationship. The conceptual framework is composed on independent variable high involvement management practices, dependent variable employee performance and the mediating variable job satisfaction. Adopted questionnaires for measuring High Involvement Management, Job Satisfaction and Individual Employee Job Performance respectively were used to collect the data. Overall the response rate was 71.3%. Correlation analysis, simple linear regression and step wise regression were used to test out the hypotheses. Results obtained were consistent with the previous research studies conducted i.e. there was a strong association of high involvement management with employees performance and similarly job satisfaction was having significant relationship with employee performance. Similarly from the regression analysis the effect of independent variable was found significant on mediator as well as dependent variable. Moreover full mediation was predicted from stepwise regression.

The study has investigated the relationship as well as the level of employees performance, job satisfaction and high involvement management practices was calculated which shows the current performance of the organization, hence this research study can be used as a guide, for the management of the banking sector, to utilize its findings in order to stress the problems of employees and increase their productivity.

KEY WORDS: performance management, job satisfaction, High involvement management

1. INTRODUCTION

In current era of globalization business environment become more complex and competitive for survival. This complication is due to the rapid change in technology, high competition, demand from potential customer for innovative products and services. The present business ecosphere of prompt changes and innovation has enhanced the importance of Human resource in organizations. This innovative environment forced much organization to gauge how human resources (HR) add value to their effectiveness. In the resource-based view of the firm, investment in high-performance or high-involvement work practices are thought to develop distinct capabilities in employees, leading to superior firm performance (Barney, 1991; Barney & Wright, 1998; Lawler, 1992; Pfeiffer, 1998).

High involvement work practice or employee engagement a critical success factors for the organizations from last decades. Many academicians and researchers are concerned to analyze the characteristics of "High involvement management" and its impact on the employee performance. High involvement practice or employee engagement is an emergent concept in Strategic Human Resource Management (SHRM) and originated in 19th century. Lean production model and total quality management (TQM) are the most important management philosophies, burn the concept of High involvement or employee engagement and its significance on the employee performance and then organizational overall performance. The philosophy of involvement is empowerment and autonomy of employees. High involvement is a set of innovative practices usually includes, job rotation, self-managed teams, highly encouraged in problem solving and decision making, information sharing, open discussion between employee and employer, active involvement in decision making and reward system.

Recent literature suggests that positive beliefs and attitude can be developed by high-involvement work practice, and it directly associated with employee engagement. The employee engagement contains three interrelated components: a cognitive, emotional and behavioral component. The cognitive approach of employee engagement defines employee's beliefs about the organizations, its higher management and working environment. Emotional components focused the employee's perceptions about the three factors, whether they have positive or negative

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attitude towards organization and its management. The behavioral component is the value-added component for organization and has the discretionary efforts like extra time, employee commitments towards organization and devoted to fulfill the task.

Numerous academicians and researchers have introduced a long catalog of management practices for spawning high involvement and high performance among employees. The range of practices starts from hiring the right people for the organization. The selected employee is committed to training, energetic to skill development. While at organizational level, team based environment, job security and incentive based compensation. A variety of specific practices have been established on the base of above general define categories. For example, training programs can be developed current and future skills interpersonal skills of new hired employees. All the above practices developed a comprehensible set of high involvement work practices that are consistent across the organization and reinforce each other is a nontrivial challenge for all managers.

High involvement management practices play a key role in the organizational development and enhancing the employee and organizational performance. First, high involvement management is life blood for idea generation, innovation and problem solving. Suggestion in involvement enhances employee control and variety of work. Secondly, high involvement accelerates team work, and indirectly cause if idea generation in a group form, and increase socialization among the employees, signifies the employees satisfaction. Third, in high involvement, information sharing take place between employees, help the workers in understanding the organization's objective and culture, and their effort to achieve the organizational goals make environment stable. Fourth, in so far as, high involvement management crafts successful outcomes of successful adaptive organization, personnel may perceive that their positions are secure and their future is good and progressive. Fifth, high involvements help workers in the acquisition of skills and knowledge and entail their satisfaction and enhance the individual's job variety, self-esteem. Sixth, high involvement signals the workers, that they are respected and contribution and involvement is valued, which enhance their motivation and satisfaction. The workers are more active to achieve the organizational objectives.

Guthrie (2001) define the high involvement workplaces as "a system of management practices giving their employees skills, information, motivation, and latitude and resulting in a workforce that is a source of competitive advantage". However, the sustainability of firm specific employee capability depended on the opportunities provided by the organization and fit their capabilities in an environment to add high value in innovation. Wright, Dunford, and Snell (2001) debated that researchers should investigate the role high-involvement employee in managing internal resources, like employees and HR systems and utilized it as competitive advantage over time. US department of Labor (1993, p.1) define high performance work system as "Systems of mutually reinforcing practices that create multiple ways to develop worker skills, to align individual and organizational goals, and to share information crucial to solving problems". In recent study of high performance work system, focus on the information sharing; decisions decentralization and work enrichment, that is providing employees with opportunities for participation in decision making and innovation. Walton (1985) and Lawler (1986) emphasis on the employee involvement in decision process enhance the employee commitment and satisfaction and directly influence the employee performance for the benefit of organization. The performance of individual employees is optimized by the high involvement of employees. Previous studies have established a strong a positive association between High-involvement management and firm performance. After investigating that organizational innovation is positively related with firm performance, this study will examine whether high involvement is related with capacity building, job involvement, employee compensation and performance appraisal.

1.1. Objective of the Study

This study will contribute to the understanding of the relation between high management involvement and the employee performance. The first phase of the study clarifies the term "High management involvement" and provides a specific theoretical framework for understanding the high job involvement and employee performance. It emphasizes the relevance of the bundle concept, by signifying the importance of using a high management involvement and the stipulation to categorize performance measures permitting to their nature.

1.2. Research Questions

This study was conducted to answer the following research questions;

1. Is there any association between high management involvement and employee job satisfaction?
2. Does the presence of high management involvement practice helps to enhance the employee performance.

1.3. Significance of the study

In current situation of the country, when business conditions in the country are at their worst level, only companies that outperform in the market are able to survive. Additionally being open market, companies have to work hard so as to stay in the market. According to Barney (1991) it is the firm resources that can bring competitive

advantage to the firm. To stay at the top and or to get the market leadership, now companies are heavily investing on their human resources and are trying to find ways to enhance the skills and performance of their employees.

This study stabs to fill the gap existing in previous studies by investigating the impact of high Involvement work practices on employee performance by utilizing the employee level data. According to agency theory, interest of the employee and employer should be close enough to achieve organizational goals (Shore, Porter, & Zahra, 2004), Every company strives to achieve maximum performance from their employees but its expectations depend on the skills of the employees and their willingness to align their goals with the goals of the organization. High involvement management practices tends to help organization for the selection of right persons for the job, capacity building through rigorous training programs, their performance appraisal and compensations that can bring employee satisfaction which results in increased performance.

This study will help companies to determine the path to get maximum employee performance. Moreover, this research will valuably contribute to the body of the literature and will assist the HR managers and policy maker to determine and focus on the factors of employee performance and employee satisfaction in Pakistani corporate world.

LITERATURE REVIEW

The literature was divided into three sections. The first section attempts to describe the concept of high involvement management. The second section reviewed job satisfaction and employee performance literature while the third section will identify the previous work on the linkage between the three variables and builds the conceptual framework of the study.

1.4. High Involvement Management

Barney (1991) presented the idea of resource based view of the firms which suggests that HR systems can develop capabilities of the employees that can help firms to achieve sustainable competitive advantage. Barney presented his model of resource based view to get the competitive advantage on the basis of two assumptions. First, all firms have strategically heterogeneous resources. Second, these resources are not perfectly mobile. In his research Barney emphasized that all the assets or material resources can be copied by the other firms in operating the market but it is only human resources that can not be perfectly mobile across the firms. It is the employees of the firm who, with their natural adjustment with the culture, climate and experience within the same organization, can get sustainable competitive advantage for a firm from the other the firms operating in an open market.

Chew (2005) suggested that unsatisfied employees have weak linkages with the organization and they often display turnover intentions. Everyone likes to get better monetary and non-monetary rewards and looks for his career development and this limitation calls for a sophisticated HRM infrastructure that may enhance employees 'attachment with the organization so as to play their valuable role in the development of the organization.

Fernandez-Sanchez, Ordiz-Fuertes, (2003). Study identifies the influence factors that condition the adoption of HIW practices. The findings are consistent with other research that has documented the influence of certain factors in the adoption of HIW practices. The sampling universe was the Duns & Bradstreet establishment file of companies operating in Spain, and the sampling frame was set to include only companies whose personnel count exceeded 100 employees. The size of target population was 5,972 companies. so data were analyzed using binomial logit regression.

In literature commonly the term high involvement management is interchangeably used with high commitment and high performance work systems (e.g., Evans and Davis 2005; Kalleberg and Moody 1994). This study will not use the term high performance work systems as it seems before checking their impact, I am going to prejudice them as they would have a positive impact on the performance of the employees and or the organizations. Literature also indicates that high commitment predicts performance (Arthur 1994; Wood and de Menezes 1998). The study used this term because it can capture the core idea of high performance work systems and high commitment but also it encompasses work organizational skill acquisition and motivational practices.

Different researchers used different practices for measuring high involvement management which includes selection of right person for the right job, training programs, team work, compensation based pay, employee ownership and job security. In this study high involvement management practices referred as to rigorously selected interrelated HR practices consisting of hiring, extensive capacity building of employees through selective training programs, compensation packages, performance appraisal and employees involvement in decision making(Wright and Snell 1991; Huselid 1995; Way 2002; Datta, Guthrie and Wright 2005; Lepak, Liao, Chung and Harden 2006; Takeuchi et al 2007).

A balanced HR system can send a positive signal to the employees about their value in the organization and job clarity (Bowen & Ostroff, 2004). Preceding on the same lines it can be considered that if used high involvement management properly, these practices can stimulate positive feelings in the minds of the employees about their work.

1.5. Job Satisfaction and Employee Performance

Job satisfaction is one of the most studied variables in HR literature because it is assumed that a satisfied employee's exhibits better performance that leads to overall organizational performance and growth. Ostroff (1992) in his research concluded that organizations having more satisfied employees performed well than organizations that had low employee satisfaction. Front line employees of service providing organization represent their organization to the customers. Depending on the interaction with frontline employees, customers' decides whether to stay with or buy the same services from some other organization. The quality of these interactions depends on the front line employees' attitude. If the employee is satisfied with his organization, he will exhibit extra role behavior and will try to leave a good impression of his/her organization in the mind of the customer.

Researchers have diverse concepts and definitions of Job satisfaction like Locke (1976) proposed Job satisfaction as a positive affection state of the employees with their job. Later in 1996, Motowidlo conceptualized job satisfaction as the judgment of an employee about the friendliness of the environment he or she is working in. In Psychology, Eagly and Charcken (1993) revealed job satisfaction as a psychological tendency shown by the employees by assessing their liking or disliking of the job or the task assigned. Although this concept was conceptualized differently in the previous literature it is clear from all above definitions that job satisfaction is an attitude of the employees about their job.

D. ZATZICK, D. IVERSON, (2006). First objective was to gain understanding of the impact of layoffs on the relationship between high-involvement work practices and workplace productivity. Second objective was to understand how high involvement workplaces could use layoffs, when necessary, without experiencing negative effects on productivity. The data that we used in this study were collected by Statistics Canada as part of its Workplace and Employee Survey (WES; Statistics Canada, 2004). Our usable sample was 3,080 workplaces that completed the 1999–2001 surveys and 2,970 workplaces that completed the 2002 survey.

Job satisfaction, in this study, has been defined as an employees' evaluative judgment about ones' degree of pleasure from job (Hulin & Judge, 2003). Among many definitions of job satisfaction, this definition was chosen for the study in hand on the basis of its comprehensive scope. As discussed earlier job satisfaction is an attitude and according to this definition, the true feelings can exhibit a reliable attitude.

To stay in this competitive and thriving atmosphere, organizations need to produce continuous value for their customers. If the employees perform well, the overall performance will expected to be well enough. In short, employee performance is base for any organizations' survival. Employee performance is a very important variable in the organizational studies but it's been only three decades when researchers start trying to defining this concept and develop constructs for its empirical investigation (Borman & Motowidlo, 1993).

What is performance? Is it the output of the employee at the work place or his behavior? To answer this question previous literature emphasized that it is better to stress on behavior of the employee than to focus on results (Murphy, 1989). He argued that at work place, employees may show results on the cost of other things that might be important for an organization. Especially in service providing firms, the behavior of the front line employees may create difference as may be a very good behavior of an employee may not generate results instantly but it may improve the image of the organization and customer loyalty. On the other hand, by cheating and or using other unfair means, an employee can show good output but it will not be long lasting.

Murphy (1989) recommended defining employee job performance in terms of his or her behavior at job rather than on the basis of the results. He defined performance as the behavior of the employees that match the overall organizational goals.

Peter Boxall, Keith Macky, (2009) serious difficulties with specifying the independent variable in HPWSs. This fuzzy notion and examine its companion terminology: high-involvement work systems and high-commitment management. We argue that a focus on the high-involvement stream usefully grounds HPWS studies in an important area of workplace change in the current context and takes us away from eclectic and contentious selections of 'best practices'.

Later Campbell (1990) adding to the definition of Murphy, defined job performance as the controlled actions of the employees that may lead to goals of the organization and that can be measured on the individual level. This definition extended the previous definition by adding employee controlled behavior or action leading towards organizational goals.

Organizations measure their employee performance in different ways. Some use 360 – degree system of performance measure, in which performance of an employee is measured by getting feedback from sub ordinates, peers, employee himself and his managers. Some organizations allow employees to evaluate their performances by themselves. The most common method used by the organizations is supervisory rated performance system in which supervisor, keeping in view different job aspects and being a direct observer, evaluates an employee's performance.

This study used the supervisory evaluated job performance of the employees' on the basis of the following reasons;

First, supervisor has the complete details about the job and knows the exact contribution of the employee.

Second, sometimes peer or subordinates may not understand the nature of job or contribution of the employee, usually they rate his performance on the basis employee's attitude with them that can make their assessment biased.

Third, employee self-reported performance evaluation may become questionable on the basis of locus of control. If he or she has excess of internal locus of control, will try to get the credit of others performance as well and if one has excess of external locus of control, will give its credit to others causing extra favor to those who did not contribute well enough.

On the basis of abovementioned reasons supervisory performance evaluation is best suited to measure the performance of the employees for this study.

1.6. High Involvement Management, Job Satisfaction and Employee Performance

High involvement management is considered a key invention of modern management and are claimed to have strong influence on the organization and individual performance. This eagerness has germinated a significant research area for scholars and academicians to investigate its impact on the employee's performance.

Employee performance is the way organizations measure whether employee work outcomes are in line with the overall organizational goal but before that employees must be trained and they must be competent and enough skilled to bring forth these results (Wright, McMahan and McWilliams 1994). High involvement management practices boost employee skills and competence and commitment that as a result enhance overall employee performance (Haynes and Fryer, 2000). In another study, Liao, Toya, Lepak, and Hong (2009) identified that training, justified performance appraisal, adequate compensation, purposive staffing and job security motivate employees to deliver optimized performance.

Wood and Menezes (2011) studied the impact of high performance work system on the employee well beings. They attempted to develop emerging theory, on the wellbeing of employees and high performance by considering the four dimensions performance, enriched job, high involvement management, employee voice and motivation. They used multilevel model and data used from the Britain's Workplace Employment Survey of 2004. The study documented a positive relationship between job satisfaction and wellbeing. They also found positive relation between voice and job satisfaction. But they fail to predict the relationship between high involvement management, job satisfaction and wellbeing of employees.

KAIFENG JIANG DAVID P. LEPAK, JIAHU, JUDITH C. BAER (2012). The three dimensions of HR systems (i.e., skill-enhancing, motivation-enhancing, and opportunity-enhancing HR practices) were positively related to human capital and employee motivation in different patterns in such a way that, compared with the other two HR dimensions, skill-enhancing HR practices were more positively related to human capital and less positively related to employee motivation. We tested the mediating hypotheses with the help of meta-analytic structural equation modeling (SEM) techniques (Gheung&Ghan, 2005, 2009; Viswesvaran & Ones, 1995).

Gueror and Dider (2004) investigate the association between human resources practices and entity performance in France. The study focused the four specific HR practices that involve employees are, empowerment, training and compensation. The study used each item separately and hypothesized a positive association with performance. They also suggest that when these elements are combined, execute a synergy effect on the performance of organization. The study conducted a survey of 180 HR managers of large French companies. Their study does not find a significant relationship between compensation and firm's performance, not supporting the existing literature. While the HR practice components like empowerment and training indirectly associated with financial performance of French companies. They found the combined effect of the HR practices has strong impact on the organizational performance then individual effect of component. Their study concluded that in developing HR policy and implementing, high management involvement practice is complementary to increase the organization performance.

Mohar and Zoghi (2008) probed the association between job satisfaction and high involvement management on the Canadian work force and Employee by using the survey data for the period of 1999-2000. The researchers used the three components of high involvement management are "quality circles", task teams, feedbacks and suggestion programs. They presumed that causality between job satisfaction and employee high involvement. The study found that job satisfaction is positive and significant relation with high involvement practices. They cross checked their finding by using different data set and model but the results were consistent. They concluded that the presence of self-selection, satisfied workers are more willing in participating high involvement job and that accelerates their future performance.

Annalisa Cristini, Tor Eriksson, Dario Pozzuoli, (2010). Integrating existing research on firm organizational structure and performance, this paper analyzes the impact of new workplace practices on workers. Their analyses

presented over several advantages over prior efforts to examine the relationship between Organizational innovation and organizational outcomes. The analysis uses a data set on Danish private sector firms with more than 20 employees, which has been constructed by merging information from two different main sources. The survey was administered by Statistics Denmark as a mail questionnaire survey in May and June 1999, which was sent out to 3,200 private sector firms with more than 20 employees.

Bhatti and Qurshi (2007) conducted a study to find out association between job satisfactions, employee productivity and employee participation. They selected 34 organizations from three main sector of Pakistan, that are banking sector, Oil and Gas and Telecommunications sector. Questionnaire was used to collect data and sent to the organizations. 15 organizations responded the questionnaires. The study concluded that employee participation not only the important determinant job satisfaction, but has a positive significant effect on workers job satisfaction, commitment and workers' productivity. Obviously employee participation is long term and two ways process, need attention from management side and wits form worker side.

Zatzick and Iverson (2006) studied the relationship between high involvement management and work force reduction. In their study, they examined the two core areas of high involvement management. Firstly they studied that moderating role of layoffs between the association of high involvement management and productivity. Secondly they addresses that question that how investment will continue in high involvement practice to main employees productivity. The study found a negative association between high-involvement management and productivity in work place with higher layoff rates. They also concluded that organizations having high involvement management practices are less probability to expose the productivity losses as compared to the organizations that avoid high involvement management practices.

Fuertes and Sanchez (2006) studied the incidence of high involvement management and probed what variables are linked with the implementation of the high involvement practices. Predominantly, they investigate the effect of size, age activity sector, competitive advantage, leadership style and culture on the implementation of high involvement work practices. The found a interdependence between leader style, organization environment and high involvement practices. They also documented that flexible leadership and innovative culture is major determinant of implementing high involvement management practices and this finding is consistent with the findings of Ogbonna and Harris (2000), they researched the relation between leadership and culture.

Cristini and Eriksson (2010) investigate the relationship between high performance management and employees outcomes. The data was collected form Danish private sector firms and sampled firms were selected on the bases number of employees. The researchers used a thresh hold 20 employees to be sampled firm. Then a questionnaire was distributed to the employees of the sampled firms. They found a positive relationship between organizational innovation and employee performance. The study also probed weather high-involvement management is linked with high salaries, work force composition and document a positive interdependence between high involvement management, work force composition and wages structure. They also examined the association between high involvement management and employees outcomes in the industrial relations context.

Vanhala et al (2010) probed the association between high involvement management, human resource practices, and company performance and employee well beings. The major purpose of their study is to examine the impact of high involvement work practices on company performance and employee well beings and to find the interdependence between company performance and workers well -being. The study was conducted on the metal industry and retail traders of Finland and data is collected both at manager's level and workers level employees of the sampled firms. The analyses of the data find that high involvement work practices are significantly linked with company performance at managerial data. While the workers are least concerned with the high involvement practice but they are strongly related with employee well beings.

1.7. Conceptual Framework of the Study

Conceptual frame work of the study was constructed around the three variables including high involvement management (employee rated) as independent variable (IV), individual employee performance (supervisory rated) was studied as dependent variable (DV) and employee job satisfaction (employee rated) was used as mediator variable. All these variables were conceptualized on the basis of previous literature and the Agency Theory. Mitnick (1973) presented and conceptualized Agency theory based on the employer and employee relationships. Referring employer as the "principal" and the employee as "agent" this theory identifies two key problems in the relationship of both the parties. First problem is lack of alignment between the goals and interests of the two parties and second concerns for their risk preferences, also known as agency problems. To deal with these agency problems, this study has been conceptualized in an effort to save the interests of the principal.

Previous literature indicates that if hired right people for the right job, give them proper trainings and skill enhancement workshops when and where needed, appreciate their performance and reward them accordingly

employees tend to exhibit satisfied behavior. If an employee gets satisfied from his or her job, he or she will try to improve his performance and efforts in order to achieve organizational goals that are the main concerns of the principal. This research study, following the available literature and to cope with agency problems, tried to give a path to the employer/principal so as to get maximum performance from his employees/agents in order to meet the organizational goals.

In next pages definitions used in this study for independent, mediator and dependent variables followed by the hypothesis and then the proposed model in figure one (1) are given.

1.7.1. Definition of the Variables

Although different scholars defined these variables differently, the study in hand will define the key variables as follows;

High Involvement Management

In this study, high involvement management practices are defined as rigorously selected interrelated HR practices consisting of hiring, extensive capacity building of employees through selective training programs, compensation packages, performance appraisal and employees involvement in decision making

Job Satisfaction

This study defined Job satisfaction as an employees' evaluative judgment about his or her degree of pleasure from job.

Employee Performance

This study defined employee performance as controlled actions of the employees that may lead to goals of the organization and that can be measured on the individual level.

Mediation analysis was conducted following the guidelines suggested by Baron and Kenny (1986). According to Baron and Kenny, to conduct a mediation analysis, there are three basic conditions that must be fulfilled. These three conditions are;

- a.* Independent variable (IV) must have positive and significant relationship with dependent variable (DV).
- b.* IV must have positive and significant relationship with mediating variable.
- c.* Mediating variable must have positive and significant relationship with DV.

This study, therefore, first checked for the relationship between high involvement management and job satisfaction, and high involvement management and employee performance. Although different dimensions of high involvement management and job satisfaction and employee performance have been proved to have positive and significant relationships but not a single study, according to the knowledge of the researcher, studied all of these proposed dimensions of high involvement management with the variables under investigation. On the basis of literature reviewed in this chapter, it can be conceptualized that the variables under study have ability to fulfill the basic requirements to run the mediation analysis.

This conceptualization will help managers and practitioners to find the mechanism of the impact of high involvement management, and employee satisfaction and its impact on the employees' performance. The understanding of this mechanism will help them to review their strategies to maximize employee performance and to achieve their organizational goals

1.7.2. Proposed Hypothesis

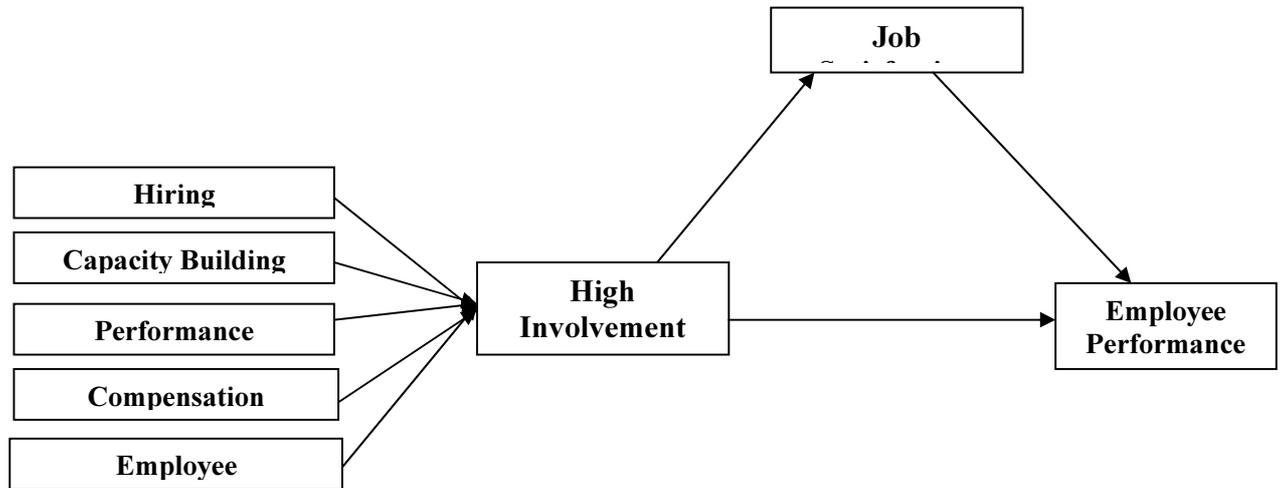
Although this study checked all the relationships between independent, mediator and dependent variables, the main hypothesis on which the study is based is given as follows;

H₁: *Job satisfaction mediates the relationship between high involvement management has positive relationship with employee performance*

H₀: *Job satisfaction does not mediate the relationship between high involvement management has positive relationship with employee performance*

1.7.3. Proposed Model

Figure: 1



2. METHODOLOGY

2.1. Research Design

Data In this study, researcher measured the cause and effect of independent variable (High Involvement management) on Dependent variable (Employee performance) and mediating variable (Job Satisfaction). Mediation analysis was conducted following the guidelines suggested by Baron and Kenny (1986).

As this study, using cross sectional data, checked these relationships empirically, it was qualitative in nature. A structured questionnaire was used for collection of primary data. Constructs for all variables were adopted that were validated by previous literature.

The study used two source data collected at two different times. To reduce the common method bias, data form employees was collected at two different times. The data for high involvement management was collected at time one and after two weeks data for job satisfaction was collected from the same employees. To get the exact performance, data for employee’s job performance was collected from their respective manager.

Statistical package for social sciences (SPSS) package 21 was used for all statistical analysis of the

2.2. Population

Cross sectional data for this study was collected from the front line employees of banking industry of Pakistan. Banking industry was chosen for the study because it is one of the three reasons.

First, it is one of the most develop industry in Pakistan.

Second, there are different multinational banks operating that bring their own developed HR methodologies. Which they are applying on their employees with slight modifications according to the culture and law of the Pakistan.

Third, banking sector is being very competitive services providing environment, focusing more on developing their employee’s professional skills development and applies proper HR practices on their work place.

2.3. Sampling Techniques

As it was an academic study, due to limited resources convenience sampling technique was used for data collection. Four banks with different backgrounds were selected for sampling including National Bank of Pakistan (government), Muslim Commercial Bank (Pvt) Limited (private sector), Barclays Bank (British based bank) and Bank Alfalah (Pvt) Ltd (Gulf based bank).

2.4. Sample Size

Data was collected from the selected banks in three major cities, Islamabad, Rawalpindi and Peshawar. A total of 300 questionnaires were distributed to the employees of the selected banks out of which 236 were found complete and usable for further analysis. The response rate from employees was 78.66%. Same numbers of questionnaire were distributed to the immediate managers/supervisors of the targeted employees. Out of 300,227questionnaires were returned and on checking 13 questionnaires were found incomplete leaving 214 usable for further analysis with a response rate of 71.3%.

2.5. Measurement Construct

Two different constructs were used for this study, one for the employees and one for their respective managers/supervisors. First construct measured employees' response regarding high involvement management and employees job satisfaction while the second construct measured employees' individual job performance rated by the concerned manager/supervisor. Each construct had two parts where in part one demographic characteristic like organization name, age, gender, education and work experience whereas part two consists of questions regarding to the variables of the study.

In the first construct, high involvement management was measured with the help of twenty one (21) items and was adopted from Takeuchi et al. (2007), and job satisfaction was measured by five (5) items that were adopted from Judge (2006). Each item was measured with the help of five point likert scale starting from one strongly agreed to five strongly disagreed.

Questionnaire two, designed for supervisors/managers, was also consisted of two parts. Part one captured the demographic details of the managers/supervisors while part two measured the employee performance that was adopted from Hochwarter (2006) with the help of five (05) items.

2.6. Data Collection Method

After finalization of the constructs, researcher visited different branches of the selected banks and met with the concerned managers and tells them the purpose of the research and asked for the permission to collect data from their employees. Researcher assured them that the data collected will only be used for academic purpose and all the information will be used anonymously.

Some managers asked for proper request from the university asking for permission of data collection that was provided them on the next visit. After getting permission from the bank authorities, at first visit for data collection first part of the employee rated questionnaire asking on high involvement management, were distributed in the front line employees. After two weeks on the next visit, second part of the employee rated questionnaire for the measurement of job satisfaction were distributed among the employees and at the same time manager/supervisor rated questionnaire were also distributed among their concerning managers. The whole process of data collection was completed in a month's time.

The questionnaire one, designed for employees, was consisted of two major parts. Part one consisted of demographic information while second part covered the constructs of high involvement management and employees job satisfaction.

Questionnaire two was designed for managers/supervisors, was also consisted of two parts. Part one captured the demographic details while part two measured the employee performance. Each manager/supervisor filled number of questionnaire equals to his or her subordinates taking part in this research giving individual employees performance response.

2.7. Measurement construct Validity and Reliability

Validity and reliability are the two major concerns of any research. A research is said to be valid if it measures the same thing what it was meant to measure while a research can only be valid if and only when if measured in the same like situation, produces same results. To cope with these issues, this study checked the validity and reliability of the construct was checked as follows;

2.7.1. Validity of the Construct

Questionnaire used in the study were previously validated in the literature. Once finalized, questionnaires were shown to fellow researchers and potential respondents to read it carefully as if it is understandable for every one or not. As respondents of the study were educated and could understand English easily, questionnaires were not translated in local language.

2.7.2. Factor Analysis

Factor analysis is a statistical test used to extract the minimum inter correlated factors, from the data in hand, that are considered to find out the basic variable.

2.7.3. Kaiser-Meyer Olkin Test

Kaiser-Meyer Olkin Test also known as KMO test is used to check if the data set is appropriate for the factor analysis or not. To proceed for a factor analysis, the value of KMO test should be greater than 0.5.

2.7.4. Bartlett's Test

Bartlett's Test is used to check the normality of the data set. Significance level of the test decides the results of the test. Significance value less than 0.05 indicates that there can be significant relationship among the variables whereas the value higher than 0.10 indicates that the data set is not suitable for further analysis.

2.7.5. Reliability Analysis

Cronbach's Alpha (α) was used to check the reliability of the questionnaire. Its value varies from 0-1. In social sciences, a data set is said to be acceptable for reliability if its value equals or greater than 0.70.

2.7.6. Test Results

Factor analysis was performed on the collected data. Kaiser Meyer Olkin test and Bartlett's test were also included to check the appropriateness of the data for factor analysis and normality of the data set respectively.

Given below are the variable wise results of the factor analysis;

2.7.6.1. High Involvement Management

High involvement management was the first part of the employees questionnaire consisted of 21 items. Data was found appropriate with the help of Kaiser Meyer-Olkin test value 0.812. Normality of data was confirmed with the significant value (0.000) of the Bartlett's test.

The component matrix extracted five (5) dimensions of high involvement management representing question number 1, 2 and 3 (0.674, 0.581 and 0.542 respectively) as employee involvement, question number 4, 5, 6, 7, 8 and 9 (0.663, 0.573, 0.572, 0.542, 0.590 and 0.471 respectively) as hiring, question number 10, 11, 12 and 13 (0.440, 0.469, 0.509 and 0.482 respectively) as training or capacity building, question number 14, 15 and 16 (0.452, 0.510 and 0.464 respectively) as performance appraisal and question number 17,18, 19, 20 and 21 (0.551, 0.478, 0.443, 0.482 and 0.638) all contributing in explaining variance in the subject variable.

Cronbach's Alpha value used to check for data reliability was found to be (0.791). On the basis of the Alpha value, results obtained can be generalized and considered to produce reliable results.

Complete questions regarding to this variable are listed in appendix 1.

2.7.6.2. Job Satisfaction

In the second part of the questionnaire data was collected from the employees of the selected banks after two weeks of their first response. The results of Kaiser Meyer-Olkin test (0.820) and also the significant value of Bartlett's test (0.000) revealed that data is adequate for factor analysis and is normally distributed.

Component matrix for all the five items ranging (0.728, 0.706, 0.753, 0.762) and 0.649 found that the scale of job satisfaction is one-dimensional and all the items are contributing in the variance explained by the variable of job satisfaction.

Cronbach's Alpha value for data reliability was found to be(0.768), which is higher than 0.60 for social sciences to get reliable results with the same construct.

Complete questions regarding to this variable are listed in appendix 1.

2.7.6.3. Employee Performance

Data for employee performance was collected from their respective managers/supervisors. The higher value (0.728) of Kaiser Meyer-Olkin test and significant value (0.000) of Bartlett's test of the data for employee performance, on the basis of its appropriateness for factor analysis and normality respectively, allowed for further analysis.

Factor analysis revealed that component matrix for the five items contributing in the variance of employee performance with component values (0.703, 0.698, 0.663, 0.702 and 0.762) also represented it as one-dimensional scale.

The value of Cronbach's Alpha (0.748) is acceptable enough to get reliable results with the help of same construct.

Complete questions regarding to this variable are listed in appendix 2.

DATA ANALYSIS AND RESULTS

2.8. **Data Analysis**

Descriptive statistics, correlation simple linear and stepwise regression was used to analyze the data to get the results.

4.1.2 **Correlation Analysis**

Correlation analysis is used to measure the strength of a relationship between two variables under study. It predicts the change in one variable due to change in the value of the other variable. Its value expressed on a scale ranges from -1.0 to +1.0 and the strength of the relationship at both extremes provide the best predictions. Pearson correlation method was used to measure the correlation between the hypothesized variables which includes high involvement management, employee satisfaction and employee performance.

In Table 2 the correlation matrix indicates that the high involvement management has strong and positive (.552**) correlation with job satisfaction while it has a significant and positive but relatively weak relationship (.329**) with job performance as compared with job satisfaction. These significant and positive correlations may let the study to proceed for further analysis of the data to check the hypothesis.

Table 1

<i>Descriptive Statistics</i>					
	N	Minimum	Maximum	Mean	Std. Deviation
High Involvement Management	(451)	(1.76)	(4.33)	(2.9641)	(.59896)
Job Satisfaction	(237)	(1.20)	(5.00)	(3.0110)	(.96025)
Job Performance	(237)	(1.00)	(5.00)	(2.9764)	(.98538)

Table 2

<i>Correlations</i>				
	High Involvement Management	Job Satisfaction	Job Performance	
High Involvement Management	1			
Job Satisfaction	.552**	1		
Job Performance	.329**	.553**	1	

** . Correlation is significant at the 0.01 level (2-tailed).

Table No 3

<i>Regression Analysis of Model-1</i>				
Predictor	Beta	t	Sig. (F)	
(Constant)		4.442	.000	
High Involvement Management	.329	5.337	.000	
Regression Sum of Squares	204.375	Residual Sum of Squares	24.773	
R Square (R ²)	.108	Adjusted R Square (R ²)	.104	
F Statistics	28.485			
a. Predictors: (Constant), High Involvement Management				
b. Dependent Variable: Job Performance				

In table 3 the value of R² (.108) indicates that this model is able to explain 10.8% variation in the total population and the value of adjusted R² (.104) presents more correct reflection of goodness of fit of the model under study. The higher value of regression sum of square (204.375) than the residual sum of square (24.773) indicates that the model is able to capture the most of the variation in the dependent variable caused by the independent variable. Here in this model high involvement management is independent variable and job performance is dependent variable. The significant value of F statistics (28.485) indicates that the model is good for predicting the relationship between the two variables.

The value of t statistics (5.337) is significant (.000) which indicates that the proposed model is acceptable. The value of regression coefficient ($\beta = .329$) shows that by the unit change in high involvement management 0.329 units change will occur in job performance of the employees.

Table No 4

<i>Regression Analysis of Model-1</i>				
Predictor	Beta	T	Sig. (F)	
(Constant)		7.199	.000	
Job Satisfaction	.553	10.162	.000	
Regression Sum of Squares	159.193	Residual Sum of Squares	69.955	
R Square (R ²)	.305	Adjusted R Square (R ²)	.302	
F Statistics	103.267			
a. Dependent Variable: Job Performance				
b. Predictors: (Constant), Job Satisfaction				

4.1.3. Model-2 Regression Results

In Table 4, the value of adjusted R square (.302) indicates that 0.302 of the variation in job performance is explained by job satisfaction. The higher value of regression sum of square compared to the residual sum of square indicates that the model is capable to capture most of the variation in the dependent variable. As the F statistics (103.267) is significant (.000) so it can be concluded that the model is fit for making prediction about the relationship between job satisfaction and job performance.

The value of regression coefficient (Beta= .553) indicates that there occurs 55.3% chance of job performance to be increased by job satisfaction. The high t value (10.162) indicates that there is a strong positive and significant relationship between job satisfaction and job performance hence the proposed hypothesis is supposed to be true that is job satisfaction has significant effect on job performance.

Table No 5

<i>Regression Analysis of Model-1</i>				
Predictor		Beta	T	Sig. (F)
(Constant)			1.420	.157
High Involvement Management		.552	10.156	.000
Regression Sum of Squares	151.233	Residual Sum of Squares	66.378	
R Square (R ²)	.305	Adjusted R Square (R ²)	.302	
F Statistics	103.145			
a. Dependent Variable: Job Satisfaction				
b. Predictors: (Constant), High Involvement Management				

In Table 05 adjusted R² shows that the 30.2% of the variation in job satisfaction is explained by high involvement management. The high value of regression sum of square (151.233) than the residual sum of square (66.378) indicates that the model is capable of capturing most of the variation in the dependent variable also as the F statistics (103.145) is significant at .000 leading to conclude that the model is fit to explain the relationship between independent variable that is, high involvement management and dependent variable that is, job satisfaction. Table 05 further shows that there occurs 55.2% change in the dependent variable (Job Satisfaction) with a unit change in the independent variable (High Involvement Management) also the significant value (.000) of t statistics (10.156) indicates that there is significant relationship between the high involvement management and job satisfaction.

Table No 6

<i>Mediation Analysis</i>						
Predictor	Job Performance					
	β	R ²	Adjusted R ²	F Statistics	t Value	Sig
Step 1						
Job Satisfaction	0.553	.305	.302	103.267	10.162	0.000
Step 2						
Job Satisfaction	0.534	.306	.300	51.609	8.171	0.000
High Involvement Management	.034				.521	.603

- a. Dependent Variable: Job Performance
b. Predictors: (Constant), Job Satisfaction
c. Predictors: (Constant), Job Satisfaction, High Involvement Management

The mediation analysis shows that the effect of mediator (job satisfaction) is significant (.000) on dependent variable (Job performance) while the total variation explained by job satisfaction is 30.5% while in step 2 of the regression analysis when the effect of independent variable was controlled the effect of independent variable (high involvement management) has been insignificant (P=.603). The t value has also been decreased.

These results show that there is full mediation due to mediating variable (Job satisfaction) on the relationship between independent variable (High involvement management) and dependent variable (Job performance).

2.9. RESULTS AND DISCUSSION

2.9.1. The Relationship between High involvement management and Job performance

The results of this study show that there is positive and significant relationship of high involvement management with job performance. It means that organizations where high involvement management practices are implemented will have employees with high level of performance. From the results of regression analysis it is quite obvious that the effect of high involvement management is significant ($P < .05$) on job performance. The regression results also show that one unit increase in high involvement management will bring an increase of 32.9% in job performance or we can say that implementation of high involvement management will bring increase in performance of employees by 32.9%.

The findings are aligned with previous research studies as (Haynes and Fryer, 2000) stated in their study that High involvement management practices will heighten employee skills, capability and commitment and further it will enhance overall employee performance.

2.9.2. The Relationship between Job Satisfaction and Job performance

According to the findings there is positive, strong and significant association between job satisfaction and job performance. The study reveals that satisfied employees tend to have better performance, it can also be concluded that the highly skilled workers tend to have high level of satisfaction. From the regression analysis conducted between job satisfaction and job performance it is accomplished that there is significant ($P < .05$) effect of job

satisfaction on job performance. The results further reveal that one unit increase in the level of job satisfaction will bring an increase of 55.3% in job performance. In other words job performance of employees can be improved by 55.3% if their level of satisfaction is increased by one unit.

These results are supported by previous research studies

2.9.3. The Relationship between High involvement management and Job Satisfaction.

From the findings of this study the relationship among high involvement management practices with job satisfaction is significant, strong and positive. From the correlation matrix obtained both of these variables are strongly correlated to each other which means that organizations which will practice high involvement management practices will have employees with high level of performance. The regression analysis conducted between these two variables reveals that job satisfaction is significantly ($P < .05$) affected by high involvement. The regression equation for the relationship of these variables flourish that a unit increase in high involvement practices in an organization will bring an increase in the level of job satisfaction by 55.2%

These findings are aligned with the previous results

2.9.4. Mediation Analysis

As we already has discussed the three regression analysis conducted as the pre-requisites for conducting mediation analysis so further mediation analysis was done through stepwise regression in which the effect of independent variable was found completely insignificant ($P > .05$ i.e. $P = .6.3$) when it was controlled in step 2. So this shows that there is full mediation by the mediating variable. The study reveals that individual effect of independent variable (High involvement management) on the dependent variable (Job performance) is significant and the independent variable was accounted for 32.9% change in the dependent variable but after controlling its effect and including mediator in the regression equation the effect of independent variable is decreased up to 3.4% and this effect became insignificant which shows that there is full mediation of mediator on the relationship between independent and dependent variable.

3. CONCLUSION

This study provides the brief study of job satisfaction with its mediating effect on the relationship between high involvement management and employee performance in the banking sector of Pakistan in its three major cities Islamabad, Rawalpindi and Peshawar. The results of this study are aligned with the fact the high involvement management practices enhance the level of employee performance while increase in job satisfaction also tends to improve employee performance.

Results indicates that high involvement job practice are lacking among the banking sector and majority of its employees need to be involved in those practices similarly the mean value of employee performance obtained from the descriptive statistics lies below 3 which indicates the level of performance is also nil, further the satisfaction of employees in this sector has also not found satisfactory while from the correlation analysis a strong association has been predicted which shows the importance of these practices.

So from the results of this study it has been concluded that the banking sector of Pakistan needs to implement high involvement job practices in order to increase the level of satisfaction of their employees which in turn could increase their performance level. Further it has also been concluded that satisfied workers tend to be more productive and skillful i.e. which in turn enhance the level of job performance.

As the study reveals that job satisfaction has an impact on the relationship between high involvement practices and job performance so banking sector should not bypass its importance. So keeping in view this importance organization should carry out all those steps which could contribute to the job satisfaction of employees.

In a nutshell the effect of high involvement management was significant both on job satisfaction as well as job performance similarly job satisfaction was having significant effect on job performance so the effect of both high involvement management practices and job satisfaction cannot be neglected. Banking sectors must assure employee satisfaction for high level of performance while high involvement practices also carry worth for the improvement in job performance.

4. RECOMMENDATIONS:

The study investigated the relationship of high involvement management practices with job performance with the mediating effect of job satisfaction. Following are some recommendations.

- Future researchers may take other mediating variables in the model to analyze the same effect.
- This research was not an action research so time constraints and financial hurdles were kept in mind while carrying out the study so relaxed environment and enough resources are recommended.

- The effect of the relationship was not measured against different groups so future researcher may analyze the results based on different stratum of the population.

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