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James Kagaari John C. Munene Joseph Mpeera Ntayi

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# Performance management practices, employee attitudes and managed performance

Performance management practices

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James Kagaari

*Kyambogo University, Kampala, Uganda, and*

John C. Munene and Joseph Mpeera Ntayi

*Makerere University Business School, Kampala, Uganda*

## Abstract

**Purpose** – The purpose of this paper is to establish the relationship between performance management practices, employee attitudes and managed performance.

**Design/methodology/approach** – Using a disproportionate stratified purposive approach, a sample of 900 employees was drawn from four public universities in Uganda.

**Findings** – The paper reveals that performance management practices and employee attitudes are crucial for achievement of managed performance in public universities.

**Research limitations/implications** – This was a cross-sectional study that inherently has common method biases. Such biases could be minimised with replication of the study using a longitudinal study approach that would also unearth all salient issues that could have remained untouched.

**Practical implications** – The paper emphasises the need for public universities to institutionalise result-oriented relationships and adapt in the external hyper changing environment.

**Originality/value** – The paper calls for a new approach to managing employees in public universities with increasing demand for university education and stakeholder interests in delivery of cost-effective quality services.

**Keywords** Performance management systems, Employee attitudes, Universities, Developing countries, Uganda

**Paper type** Research paper

## Introduction

With organisations attaching greater emphasis to knowledge workers (Armstrong and Baron, 1998), it is necessary to understand how performance management practices facilitate achievement of managed performance (e.g. service delivery, service quality/products and cost reduction).

According to Armstrong (2000), performance management is a means of getting better results from the whole organisation or teams or individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. Public universities in Uganda are facing challenges such as reduced funding from the government, restructuring, downsizing and reengineering. These universities also have to operate as for profit-organisations for sustainability, making them operate as both public and private institutions at the same time (Mamdani, 2007). This means commercialisation of academic programs with mass education as opposed to elite education. Consequently, the shift to mass education has eroded the universities' main goal of increasing the institutional flexibility, building

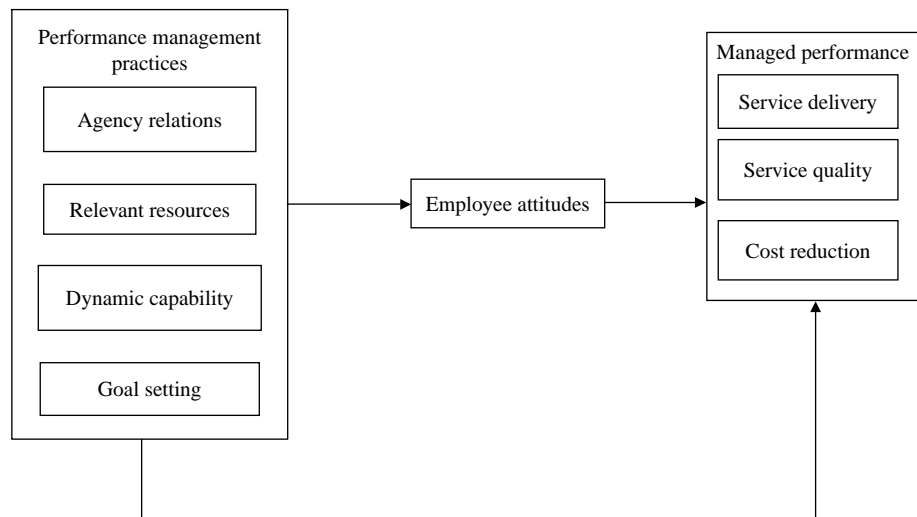


productive and adaptive capacity in terms of service delivery, particularly with regard to teaching and research (Kitamirike, 2008). Despite the recruitment of some senior faculty into administrative roles, public universities of Uganda increasingly are run by managers who often have strongly Tayloristic visions of work organisation and operate at a great distance from the site of value production (Denzin and Lincoln, 2005).

This compounds performance management that is Tayloristic by nature. As a result, delivery of cost-effective quality services in a dynamic environment becomes unattainable. This study is set to establish how performance management practices that are framed (Figure 1) as agency (Jensen and Meckling, 1976), resource-based view (RBV) (Amit and Schoemaker, 1993; Barney and Zajac, 1994; Lei *et al.*, 1996; Penrose, 1959; Schoemaker, 1992), dynamic capability (Teece *et al.*, 1997; Shore *et al.*, 2004) and goal-setting (Locke, 1968; Locke and Latham, 1990) are mediated by employee attitudes to facilitate achievement of managed performance.

### Performance management practices, employee attitudes and managed performance

According to Walters (1995), performance management is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation. This requires paying attention to employee attitudes that improve the relationship between the employers and employees. These include job satisfaction, commitment and perceived psychological contract and so on. However, agency theory (Jensen and Meckling, 1976) suggests that if both parties to the relationship are utility maximisers there is good reason to believe that the agent (employee) will not always act in the best interests of the principal (employer). An example was provided by Mamdani (2007), who showed that the forces of self-interest amplified by commercialisation of academic programs eroded the institutional integrity of Makerere University. For instance, the private student enrolment in the Faculty of Arts increased from 33 in 1993/1999 to 2046 in 2002/2003 (Makerere University Office of the Academic Registrar



**Figure 1.**  
A theoretical model of interrelationships among the constructs/variables

minutes cited in Mamdani (2007)). In addition, Mamdani (2007) cited the Turyagyenda committee report in which top-up allowance pay disparities were a source of turf wars at the university with some people getting nothing and while others earned as much as five million Uganda shillings a month. This situation of inequitable pay of allowances among employees has not only become problematic at Makerere University but has become wide spread in all public universities. So, there is need for implementation of performance management practices in order to achieve managed performance framed as service quality, service delivery and cost reduction in those public universities (Figure 1).

Fox and Staw (1979) argued that when administrators are trapped in such a situation that might precipitate into job insecurity and resistance to their decision making by board of directors, often they increase their commitment to a losing course of action (escalating commitment theory, Staw, 1976). This is not because they want to rationalise or justify a decision to themselves, but because their credibility is being threatened by other organisational factors such as top management homogeneity, top management succession, top management tenure and past performance. To support this theory, Bateman (1986) found out that past failures resulted in increased future investments compared to past successes.

Roberts *et al.* (2005) argued that over-emphasis on control may be counter-productive. For instance, Munene *et al.* (2003) found out that in extreme counter-productive climate, employees develop coping strategies by doing what is minimal or default whenever they have an opportunity while others either quit the job or stay but sacrifice quality for quantity. However, March and Simon's (1958) work and Steers's (1977) study established that people with high attitudinal commitment generally exhibit specific behaviours including higher attendance, lower job change rates, high job involvement and increased job-related effort. This was better achieved when employees received adequate facilitation from the organisation. Patterson *et al.* (1997) found out that there was a significant positive relationship between employee attitudes (job satisfaction and commitment) and performance with a recommendation that organisations should focus more on human resources than on competitor strategy, quality and research.

Also, Tornow and Wiley (1991) found out that employee's attitude and their level of satisfaction with their job influenced how customers perceived their treatment and the quality of the service they received from the organisation. Research has shown that employee's perception of support at work such as that from coworker, supervisor and organisation has an influence on employee attitudes and work behaviour particularly through reciprocity process (Thompson *et al.*, 2004) including effort put forth (Chelte and Tausky, 1986). In addition, Adsit *et al.* (1996) found out that there is a significant positive relationship between employee attitudes and performance. A number of studies have also suggested and indicated that employee attitudes (job satisfaction and commitment) make significant and positive contributions to firm performance (Fletcher and Williams, 1996). This study sought to explore and explain the need for performance management practices in public universities of Uganda. In view of the literature analysed, it is hypothesised that:

*H1.* Employee attitudes have a positive relationship with managed performance.

Smith and Rupp (2002) established that the human capital is an essential element for sustainable competitive advantage, and how it is managed within the organisation is

extremely important. This is because the intellect and management of systems capabilities that facilitate achievement of managed performance are vested in the human capital (Smith and Rupp, 2002). Human capital is an intangible resource as provided for in the RBV of the employment relationship (Woodruffe, 2000). However, Augier and Teece (2006) and Mosakowski (1993) argued that the RBV theory while accurate is incomplete for understanding environments that are experiencing substantial change, which the dynamic capability theory seeks to address.

According to the dynamic capability perspective, a firm's dynamic capabilities that are embedded in the organisation (Bowman and Ambrossini, 2003) are crucial determinants of its ability to achieve firm performance (Shore *et al.*, 2004; Figure 1) particularly in a confused, turbulent and unpredictable environment. Shapiro *et al.* (2004) argued that these capabilities are grounded in the firm's knowledge base that is formed over time depending on experiences and the composition of the labour force. Grant (2002) added that capabilities (organisational routines) are the foundation of competitive advantage, and organisational capability requires the expertise of various individuals to be integrated with tangible and intangible resources. For instance, Jugdev and Mathur (2006) established that intangible resources are important because unlike codified practices they are not readily transferable or copied, and therefore, can be a source of a competitive advantage. In addition, intangible project management assets are under valued unlike tangible project management assets such as project management tools and techniques, which those companies are increasingly funding (Mathur and Jugdev, 2007).

Furthermore, dynamic capabilities represent the ability of managers and others to make ongoing adjustments in resource allocation and build new thinking (Eisenhardt and Martin, 2000). For instance, Mamdani (2007) studied the way Makerere University attempted to reform its education system from public to private, in view of how higher education was being driven towards commercial competition imposed by economic forces resulting from the development of global education markets and the reduction of government funds. Mamdani (2007) showed that Makerere University generated over US \$1 million year compensating for the per capita decline in its government subvention amounting to nearly 40 per cent of total revenue.

Other studies have also demonstrated a shift in governments' policies pushing universities towards an increasingly mass and vocationally oriented model of education (Lewis *et al.*, 2005). Managers of universities in Uganda have to continuously scan the environment, become innovative, set and implement their goals appropriately to remain competitive. From the reviewed literature, it was hypothesised that:

*H2.* There is a positive relationship between performance management practices and employee attitudes.

According to Locke and Latham (2002), goals are both outcomes to attain standards for judging one's accomplishments. For instance, Locke and Latham (2005) cited in Smith and Hitt (2005, pp. 128-47) found out that people are more satisfied when they attain their goals or make meaningful progress towards them than when they fail, make little or no progress. Frese (2005) cited in Smith and Hitt (2005, p. 102) found out that proactive goal setting better focuses on maximizing the positive effect of goals by developing specific, time-bound and challenging goals to which participants feel committed (Locke and Latham cited in Smith and Hitt (2005, pp. 128-47)). This is supported by Munene *et al.*

(2005) having established that goal attainment and peoples' reasons for joining a developmental project were crucial for its success. Also, goal clarity and participation have been shown to contribute to higher levels of motivation to achieve managed performance provided managers accept those targets (Hofstede, 1968). In addition, Adsit *et al.* (1996) found out that those managers who encouraged participation had higher levels of performance in their departments. Recent empirical studies have also established that participative setting of goals, leads to better accomplishment of complex tasks and development of effective task strategies (Latham, 2001).

According to Locke and Latham (2005) cited in Smith and Hitt (2005), when tasks are new and difficult for people, the best idea is to set learning rather than performance goals. A possible explanation was provided by Frese and Zapf (1994) who found out that high performance is not always the result of greater effort, but rather, of greater understanding. Locke and Latham (2002) established that goal setting will lead to performance when it is moderated by feedback and commitment (Seijts and Latham, 2000). Den Hartog *et al.* (2004) provided information that achieving individual performance without considering organisational-level variables undermines performance management practices and further suggested the moderating effect of employee attitudes between practices and performance.

Furthermore, Manz (1992) found out that setting goals too high or too low can have adverse effects on employee satisfaction. In addition, Seijts and Latham (2000) found out that goal-performance relationship is strongest when people have confidence in being able to reach their goals and believe that their goals are important or appropriate. However, Latham and Saari (1979) argued that goal commitment could be generated by assignment and supportiveness of the leader, affirming the goal in public to make it a test such as of integrity, clarifying outcome expectancies and incentives; if people know what they are aiming for, they are motivated to exert more effort, which increases performance (Latham, 2001; Locke and Latham, 1990, 2002).

For instance, Adsit *et al.* (1996) found out that employee perceptions of managerial communication in the form of goals and organisational strategies are important to customer satisfaction and departmental performance. Verbeeten (2008) also found out that the definition of clear and measurable goals is positively associated with quantity and quality performance but the use of incentives is positively associated with quantity performance only. An empirical finding (Pollit, 2006; De Lancer Julnes and Holzer, 2001; Kloot and Martin, 2000) showed that quantitative performance measures tend to ignore the quality aspect of service delivery since qualitative performance is much more difficult to measure.

The effects of performance management practices in public sector organisations are affected by institutional factors with the results suggesting that the behavioural effects of performance management practices are as important as the economic effects in public sector organisations. In the same study, Verbeeten (2008) found out that large organisations appear to have more difficulty in defining clear and measurable goals, are less likely to use incentives and have lower quality performance (Dewatripont *et al.*, 1999). According to Latham (2001), there is a need to investigate goal-setting procedures and generalisation in the achievement of managed performance. This is more crucial in the public sector where empirical evidence on performance management is inconclusive (Verbeeten, 2008). This study sought to explore and explain the situation in public universities of Uganda. From the literature, it was hypothesised that:

**Research methodology***Procedure*

To ensure reliability and validity of the instrument, a pre-test was carried out. During the pre-test, respondents identified and recommended for improvement on clarity of some concepts and items that appeared ambiguous. After effectual of the observed errors in the instruments, same respondents were consulted to confirm appropriateness.

The main study was undertaken with the research hypotheses being tested at the four public universities in Uganda (Kyambogo, Makerere, Mbarara and Gulu) with a target population of 4,774 employees. Using a disproportionate stratified purposive sampling approach, the questionnaires were distributed and collected by the researcher ( $n = 900$ ). Each employee had an equal chance of being selected for the study. Using a probability (or significance) level of 0.05 as a generally acceptable level of confidence in most behavioural sciences (Hill, 1995), Krejcie and Morgan (1970) have produced a table for determining sample size for any population of a defined (finite) size. Based on this confidence level, a computation for the sample size does not need to be carried out. Krejcie and Morgan (1970) state that, using this table, as the population increases the sample size increases at a diminishing rate (plateau) and remains, eventually constant at slightly more than 380 cases. The obtained result in this study meets these criteria (Table I).

The questionnaires were distributed to the sample of employees who were identified with the help of administrative officers in each faculty and departments. In selecting employees for participation, effort was made to include people from different hierarchical levels. The sample largely consisted of non-technical, administrative employees (including lower, middle and upper management and support staff) and academic staff. Each questionnaire was accompanied with a cover letter providing explanations and assurances that all individual responses would be treated confidentially. A number of call backs to the respondents were made to ensure maximum retrieval of the questionnaires. A total of 474 employees completed and returned the questionnaires, giving a response rate of 50 per cent.

*Measures*

This was a cross-sectional survey design using a quantitative approach to data collection and analysis. All the major constructs were measured using a four-point Likert scale on a scale of ("1 = strongly disagree" to "4 = strongly agree") without the neutral or mid-point to avoid respondents scoring that point.

Name of university	Age of university	Number of employees	Sample selected	Returned questionnaires
Kyambogo University	06	1,027	300	250
Makerere University	87	2,911	400	134
Mbarara University	20	686	100	40
Gulu University	07	166	100	50
Total		4,790	900	474

**Table I.**  
Study population and sample size

This scale is practical and interesting, does not have a midpoint and in that sense forces a choice (Worthen *et al.*, 1999). This was the reason of changing the existing scales for the variables under study in anticipation of respondents' likelihood to score the midpoint to avoid making a real choice, a problem identified in Uganda (Munene, 2008).

Variable(s) of performance management practices included the agency relations, relevant resources, dynamic capability and goal setting.

Agency relations were measured using seven items adopted from an instrument developed by Martinez and Kennerley (2005). Each respondent was asked to indicate his/her opinions on the items provided on the questionnaire. For example, "Managers focus their attention on key objectives set by shareholders".

Relevant resources were assessed using 18 items adopted from an instrument developed by Isobe *et al.* (2002) with modifications to suit this study. The respondents were asked to report their responses on an item such as, "This institution has provisions for developing its employees".

Dynamic capability was measured using 19 items adopted from an instrument developed by Choo and Johnson (2004) with modifications to suit the study. Respondents were asked to indicate their opinions on items such as, "In this institution, there is sharing of new knowledge in decision making".

Goal setting was measured using 11 items adopted from an instrument developed by Van de Walle (1997). Respondents were asked to indicate their opinions on an item such as, "I often prepare a work plan for effective performance".

Employee attitudes were measured using 11 items adopted from an instrument developed by Armstrong and Baron (2007). For instance, respondents were asked to indicate their opinions on items such as, "I receive adequate recognition for my contribution".

Managed performance vested in quality services, service delivery and cost reduction was measured with already established instruments measuring identified factors of the construct but with modifications to suit the study as shown below.

Service quality was measured using ten items adopted from an instrument developed by Hui *et al.* (2003). For instance, a respondent was asked to indicate whether, "Employees in this institution have the knowledge to answer the stakeholders' questions".

Cost reduction was measured using three items adopted from an instrument developed by Huang (2001). For instance, a respondent was asked to indicate whether: "Performance is monitored by a control system".

Service delivery was measured using seven items adopted from an instrument (Parasuraman *et al.*, 1988). For instance, a respondent was asked to indicate: "I perform the service right the first time".

Herrmann and Datta (2005) and Karake (1995) found a significant relationship between demographic factors (e.g. sex, marital status and age) and firm performance. In this study, age of university was included as a control variable.

Using a Statistical Software Package for Social Scientists (SPSS version 16), the reliability test (Cronbach's alpha) results were obtained. Agency relations alpha is 0.77; relevant resources alpha is 0.83; dynamic capability alpha as 0.89; goal setting alpha as 0.73; employee attitudes as 0.86 and managed performance is 0.97.

The findings show that the reliability Cronbach's alpha coefficients exceeded the recommended minimum of 0.70 (Fornell and Larcker, 1981; Nunnally, 1978).

Using the SPSS software, missing values (maximum 2.5 per cent) were replaced by the series means. With the variance inflation factor (VIF) at  $> 2$  and tolerance statistics all well above 0.90, indicating that there was no collinearity within the data showing that the items were distinct for the variables under measurement (Field, 2006; Hair *et al.*, 1998).

### *Findings*

The findings showed that of the respondents: 62 per cent were male; 38 per cent were female. In terms of age: 64 per cent were aged 40 years and below; 36 per cent were aged 41 years and above. For marital status: 66 per cent were married; 30 per cent were single; 2 per cent separated; 1 per cent divorced and 1 per cent widowed. For qualifications: 45 per cent had a postgraduate degree; 6 per cent had certificates; 13 per cent had diplomas; 36 per cent had a first degree. For tenure: 36 per cent had worked in the universities for more than 10 years and 64 per cent had worked for  $> 10$  years. In terms of experience before joining university service: 74 per cent of the respondents had worked elsewhere, whereas 26 per cent had no working experience.

The mean values and standard deviations for the variables were: agency relations ( $M = 2.3$ ,  $SD = 0.5$ ); relevant resources ( $M = 2.4$ ,  $SD = 0.4$ ); dynamic capability ( $M = 2.5$ ,  $SD = 0.3$ ); goal setting ( $M = 2.7$ ,  $SD = 0.4$ ); employee attitudes ( $M = 2.6$ ,  $SD = 0.5$ ) and managed performance ( $M = 2.6$ ,  $SD = 0.4$ ).

For factor analysis, factor loading was conducted to determine the extent to which items measured the distinct variables to establish the discriminant validity (Straub, 1989).

Field (2005) citing Tabachnick and Fidell (2001) suggested that it is comforting to have at least 300 cases for factor analysis, which was satisfied by this study. All items that were cross-loading on other components were not included in the subsequent. Yamnill and McLean (2005) pointed out the lack of convention regarding acceptable cut-off points but who use a cut-off point of 0.40 but this study adopted a cut-off of 0.5. Then the factored components were given labels according to the literature regarding the construct under study in tables below. McCarthy and Garavan (2007) argued that factor analysis is recognized as “a powerful and indispensable method of construct validation” that “is at the heart of the measurement of psychological constructs”.

The zero-order correlations and regression analyses were carried out using the SPSS version 16 adopted for windows. Pearson zero-order correlations between the study variables were obtained with either 1 or 5 per cent level of significance. The multiple regressions were also computed to establish the predictive powers of the independent variables on dependent variables under study. The hierarchical regressions established the presence of the mediation, moderating effects and also the extent to which independent variables predicted the independent variable. Essentially, the research went beyond testing for the hypothesised main effects of the explanatory variables in order to unearth conditions of mediating effects (Echambadi *et al.*, 2006) in Table X. The next section presents factor analysis of the variables studied.

One component had a loading  $< 0.5$  and was extracted.

The results in Table II reveal that the dimensions that tested the agency relations in the model account for 41 per cent.

The results in Table III reveal that 59 per cent of variance in relevant resources is attributable to resource utilisation, inimitability, non-substitutability, competence and firm specificity, of which 19 per cent is due to resource utilisation, 12 per cent is due to

Dimensions	Agency relations (contract form)
The performance of university top leaders is regularly monitored	0.68
The compensation of university top leaders is according to their performance	0.60
Policies and procedures of the institution are clearly defined	0.68
The review of the of decisions taken by the university top leaders s done formally by committees or higher management	0.69
University top leaders' performance is regularly reported to all stakeholders	0.69
The reviews of the decisions taken by the university top leaders is comprehensively conducted	0.75
<i>Eigen values</i>	2.87
<i>Per cent total variance</i>	40.96
<i>Cumulative per cent</i>	40.96

**Table II.**  
Rotated component  
matrix: agency relations

imitability, 11 per cent is due to non-substitutability and 9 per cent is due to firm specificity.

The results in Table IV indicates that 61 per cent of variance in dynamic capability is due to utilisation, acquisition, development, configuration, innovation and technology, of which 20 per cent is due to utilisation, 13 per cent is due to acquisition, 8 per cent is due to development, 7 per cent is due to configuration and 7 per cent is due to innovation and 6 per cent is due to technology.

The results in Table V reveal that 58 per cent of variance in goal setting is due to performance, individual commitment and processes, of which 23 per cent is due to performance, 19 per cent is due to individual commitment and 15 per cent is due to processes.

The results in Table VI show that 57 per cent of variance in employee attitudes was due to job satisfaction and work commitment, of which 29 per cent was due to job satisfaction and 27 per cent due to work commitment.

The results in Table VII reveal that 57 per cent of variance in managed performance is due to service quality, service delivery and cost reduction, of which 30 per cent is due to service quality, 20 per cent due to service delivery and 7 per cent due to cost reduction.

### Results

Zero-order correlations are shown in Table VIII, to interpret their size, Cohen *et al.*'s (2003) criteria is used for small ( $r > 0.10$ ), medium ( $r > 0.30$ ) and large ( $r > 0.50$ ) effect size. Previous studies indicate that the organisation's age has an effect on managed performance (Filatotchev, 2006) and that organisations perform better when they are still young agreeing with results ( $r = -0.08$ ,  $\rho < 0.01$ ) in Table VIII.

From the results in Table VIII, employee attitudes have a significant positive relationship with managed performance ( $r = 0.25$ ,  $\rho < 0.01$ ). The regression analysis in Table IX shows that 6 per cent of variance in managed performance could be attributed to employee attitudes, supporting hypothesis (H1).

The results show that performance management practices positively correlates with employee attitudes ( $r = 0.34$ ,  $\rho < 0.01$ ). The regression analysis in Table IX indicates that 12 per cent of variance in employee attitudes is attributable to performance management practices, supporting H2.

**Table III.**  
Rotated component  
matrix: relevant  
resources

Dimensions	Indices				
	1 Resource utilisation	2 Inimitable	3 Non- substitutable	4 Competence	5 Firm specificity
A number of relevant resources are integrated to increase our effectiveness	0.81				
In this institution relevant resources are act as triggers for innovation	0.69				
In this institution resources act as triggers for collaborative problem solving with stakeholders	0.65				
Our relevant resources are the principle drivers used to develop strategies that enable us achieve much in time	0.60				
In this institution relevant resources are developed such that they can be used throughout this university	0.59				
Our relevant resources are the principle drivers used to develop strategies that enable us achieve more by putting in less	0.55				
This institution tries to make certain that other institutions find it difficult to determine the relevant resources that may lead to our success		0.84			
This institution is geared towards ensuring that other institutions would find it difficult to copy our resource base		0.81			
In this institution key resources are monitored in order to determine whether other institutions copy them		0.58			
This institution's relevant resources are not available in other institutions			0.75		
It is difficult for another institution to acquire the same relevant resources are available in this university			0.76		
This institution's relevant resources are not copied by other institutions			0.73		
It is almost impossible to use the same combination of relevant resources in another university			0.51		
This institution trains its employees				0.88	
This institution has provisions for developing its employees				0.87	
This institution's relevant resources are mixed such that they generate profits					0.72
In this institution relevant resources across departments are shared such that they lack a clearly identified owner					0.66
In this institution relevant resources span to different administrative levels within the institution					0.63
<i>Eigen values</i>	3.55	2.27	2.14	1.73	1.54
<i>Percent total variance</i>	18.69	11.95	11.24	9.10	8.08
<i>Cumulative percentage</i>	18.69	30.64	41.88	50.98	59.06

Dimensions	Indices					
	1 Utilisation	2 Acquisition	3 Development	4 Configuration	5 Innovation	6 Technology
In this institution there is sharing of new knowledge in decision making	0.78					
In this institution there is sharing of new knowledge in problem solving situations	0.78					
In this institution there is documentation of new knowledge in decision making	0.75					
In this institution there is mapping of knowledge in order to make it available	0.73					
This institution focuses on information utilisation through technology	0.67					
In this institution there is identification of knowledge so that it is made available	0.65					
In this institution acquisition, generation, distribution and utilisation of knowledge have become our main source of survival	0.62					
There is information management system that identifies the strategic use of information to cut an edge over competitors	0.55					
This institution equips with information tools to serve our stakeholders		0.72				
At this institution there are mechanisms that facilitate knowledge acquisition from inside and outside this institution		0.68				
At this institution staff is involved in identifying valuable knowledge for business opportunities		0.63				
Communication channels across this institution's levels make the whole institution work together		0.57				
At this institution there is regular development of new academic programs			0.70			

*(continued)*

**Table IV.**  
Rotated component  
matrix: dynamic  
capability

Table IV.

Dimensions	Indices					
	1 Utilisation	2 Acquisition	3 Development	4 Configuration	5 Innovation	6 Technology
At this institution there is development of new teaching methods			0.63			
At this institution heads of departments, sections, units are risk takers			0.62			
This institution uses behavioural competencies for employee selection				0.83		
This institution has a framework for applying employees' information, experiences and ideas				0.59		
Without innovation it is difficult to transfer to support key business processes					0.77	
At this institution knowledge is crucial in increased responsiveness in a constantly changing business environment					0.71	
In this institution there is no direct collaboration with stakeholders to produce knowledge through technology						0.78
At this institution there are no mechanisms for transforming information into usable knowledge						0.77
<i>Eigen values</i>	4.64	2.89	1.93	1.59	1.53	1.36
<i>Per cent total of variance</i>	20.18	12.58	8.37	6.91	6.64	5.93
<i>Cumulative per cent</i>	20.18	32.75	41.12	48.04	54.68	60.60

Dimensions	Indices		
	1 Performance (attainment)	2 Individual commitment	3 Processes (satisfaction)
I prefer to work on projects where I can prove my ability to others	0.84		
I enjoy work when others are aware of how well I am doing	0.79		
I prefer to work under conditions that require a high level of ability and talent	0.76		
I am willing to select a challenging work assignment	0.74		
In this institution employees set themselves challenging but achievable goals		0.83	
In this institution employees are committed to their goals		0.69	
In this institution employees believe in their own ability		0.67	
In this institution employees always receive feedback		0.57	
In this institution employees define goals for their own teams			0.77
In this institution employees praise themselves when they do well			0.66
In this institution employees are encouraged to set their own task goals			0.75
<i>Eigen values</i>	2.57	2.09	1.69
<i>Per cent total variance</i>	23.35	18.96	15.38
<i>Cumulative per cent</i>	23.35	42.31	57.70

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**Table V.**  
Rotated component  
matrix: goal setting

Dimensions	Indices	
	1 Job satisfaction	2 Work commitment
Compared to other institutions in this country I am satisfied with my benefits package	0.81	
I am paid fairly for the work I do	0.75	
I would proudly recommend this organisation as a good place to work to a friend or relative	0.72	
Job promotions in this institution are fair	0.65	
This institution's policies are well communicated	0.64	
I feel I have job security	0.52	
My job makes good of my skills and abilities	0.51	
My head of department encourages my work group to work as a team		0.86
My head of department is helpful		0.83
My head of department has good work knowledge to make decisions about my work		0.81
There is good cooperation among my workgroup		0.73
<i>Eigen values</i>	3.24	2.99
<i>Per cent total variance</i>	29.41	27.21
<i>Cumulative per cent</i>	29.41	56.61

**Table VI.**  
Rotated component  
matrix: employee  
attitudes

Also, performance management practices have a significant positive relationship with managed performance ( $r = 0.24$ ,  $\rho < 0.01$ ). The regression analysis in Table IX also indicates that 6 per cent of variance in managed performance is due to performance management practices, supporting hypothesis *H3*.

The hierarchical multiple regression analysis (Table X) was carried to further explore the true nature of the relationships based on the stated hypotheses. In doing so, there was hope that better prediction of the factors that influence the achievement of successful managed performance would be obtained. In the first model, the university age used as a control variable was entered and accounted for 1.0 per cent of variance in managed performance. In the second model, adding the second block of performance management practice variables (agency relations, relevant resources, dynamic capability and goal setting) resulted in 10.0 per cent of variance in managed performance, meaning that 9.0 per cent of variance is accounted for by components of performance management practices ( $F = 9.88$ ,  $\rho < 0.01$ ). This supports hypothesis *H3*.

In the third and overall model, 13 per cent of managed performance was explained by the study variables, of which 3.0 per cent of variance is accounted for by employee attitudes ( $F = 11.08$ ,  $\rho < 0.01$ ). These findings supported the hypothesis (*H1*).

From Table X, the overall model was established that performance management practices and employee attitudes were good predictors of managed performance ( $\rho < 0.01$ ).

The mediating effect of employee attitudes on performance management practices and managed performance was tested using Baron and Kenny's (1986) multi-step regression. For each step, university age was controlled. University age was in all regression steps. A three-step analysis was conducted by:

Dimensions	Indices		
	1 Service quality	2 Service delivery	3 Cost reduction
The physical facilities at this institution are visually appealing	0.79		
This institution has modern looking equipment	0.77		
This institution's departments provide their services at the time they promise to do so	0.74		
This institution's departments perform the service right first time	0.72		
This institution's departments insist on error-free records	0.72		
When this institution's staff promises to do something by a certain time, they do so	0.71		
Employees at this institution tell stakeholders exactly when services will be performed	0.68		
Employees in this institution's departments give prompt services to stakeholders	0.66		
When a stakeholder has a problem this institution's staff show a sincere interest in having it solved.	0.65		
Employees at this institution appear professionally dressed	0.64		
This institution gives stakeholders individual attention		0.71	
Employees in this institution's departments understand the needs of their stakeholders		0.69	
This institution's departments have the stakeholders' best interests at heart		0.65	
Employees in this institution's departments have the knowledge to answer the stakeholder's questions		0.60	
This institution has operating hours convenient to all their stakeholders		0.60	
Employees in this institution's departments are never too busy to respond to stakeholders' requests		0.59	
At this institution competitive power is maintained by cutting costs			0.83
At this institution performance is monitored by a cost control system			0.69
At this institution changes are set lower than those of our competitors			0.65
<i>Eigen values</i>	7.48	4.91	1.84
<i>Per cent total variance</i>	29.91	19.64	7.35
<i>Cumulative per cent</i>	29.91	49.54	56.89

**Table VII.**  
Rotated component  
matrix for managed  
performance

**Table VIII.**

Zero-order correlations: agency relations, relevant resources, dynamic capability, goal setting, employee attitudes, service quality, service delivery, cost reduction and managed performance

	M	SD	1	2	3	4	5	6	7	8
1. University age	2.3	0.5	1.00**							
2. Agency relations	2.4	0.4	0.14**	1.00**						
3. Relative resources	2.5	0.3	0.06	0.33**	1.00**					
4. Dynamic capability	2.7	0.4	0.13**	0.31**	0.35**	1.00				
5. Goal setting	2.5	0.5	0.13**	0.18**	0.16**	0.20**	1.00			
6. Performance management	2.6	0.5	0.03	0.52**	0.47**	0.47**	0.28**	1.00		
7. Employee attitudes	2.6	0.5	0.26**	0.33**	0.25**	0.35**	0.24**	0.34**	1.00	
8. Managed performance	2.6	0.4	-0.08*	0.17**	0.26**	0.20**	0.09*	0.24**	0.25**	1.00

**Notes:** Correlation is significance at: \*0.05 and \*\*0.01 levels (one-tailed); n = 447

Equation	Variable	$\beta$ -standardised	$T$	$R^2$	$\Delta R^2$	$F$	Tolerance	VIF
1.	Dependent variable = employee attitudes Independent variable = performance management practices	0.34	7.74**	0.12	0.12	59.83**	1.00	1.00
2.	Dependent variable = managed performance practices Independent variable = performance management practices	0.24	5.14**	0.06	0.06	49.52**	1.00	1.00
3.	Dependent variable = managed performance Independent variable = employee attitudes	0.19**	3.83**				0.88	1.13
4.	Dependent variable = performance management practices Independent variable = managed performance attitudes	0.18**	3.58**	0.09	0.09	20.96**	0.88	1.13
	Dependent variable = managed performance Independent variable = employee attitudes	0.22**	5.32	0.06	0.06	28.34**	1.00	1.00

**Notes:** Correlation is significance at: \*0.05 and \*\*0.01 levels (two-tailed);  $n = 447$

**Table IX.**  
Performance management practices = > employee attitudes = > managed performance path

**Table X.**  
Results of hierarchical regression analyses of managed performance as predicted by agency relations, relevant resources, dynamic capability, goal setting, employee attitudes and control variables

Predictor variable	Model 1 $\beta$	Model 2 $\beta$	Model 3 $\beta$
(Constant)	2.75**	1.69**	1.56**
University age	-0.03	-0.05**	-0.07**
Agency relations		0.07	0.04
Relevant resources		0.20**	0.18**
Dynamic capability		0.13*	0.201**
Goal setting		0.04**	0.08**
Performance management practices		0.25**	0.17**
Employee attitudes			0.18**
$R^2$	0.01	0.10	0.13
$R^2$ (adj.)	0.00	0.09	0.12
$\Delta R$	0.01	0.09	0.03
$F$	2.87	9.88**	11.08**
$\Delta F$	2.87	11.56**	15.49**

**Notes:** \* $\rho < 0.05$ , \*\* $\rho < 0.01$ ;  $n = 447$

- (1) regressing the mediator (employee attitudes) on the independent variable performance management practices;
- (2) regressing the dependent variable (managed performance) on the independent variable (performance management practices); and
- (3) regressing the dependent variable (managed performance) both the independent (performance management practices) and mediator (employee attitudes) variables (see Table IX).

According to Baron and Kenny (1986), for “perfect” mediation to occur:

- the independent variable must affect the mediator in the first equation;
- the independent variable must be shown to affect the dependent variable in the second equation;
- the mediator must affect the dependent variable in the third equation; and
- the independent variable must no longer be significant in the third equation.

The pattern of results reflected a significant change in  $\beta$  following the introduction of the mediator from ( $\beta = 0.25^{**}$ ) to ( $\beta = 0.17^{**}$ ) in Table IX. Sobel’s (1982)  $z$ -test was performed ( $t = 4.40^{**}$ ) and confirmed the partial mediation effect.

*Discussions and conclusions*

The aim of this study is to demonstrate the need for managers of public universities to pay attention to performance management practices, employee attitudes to achieve successful managed performance.

In keeping with the aim and contributions of this study, the process of continuous refinement of the perspectives that attempt to explain performance management practices in achieving managed performance in organisations particularly in public universities will continue to undergo changes based on the empirical evidence. From the study, it was evident that the older the university becomes the more it fails to

deliver to its expectations. The study derived three hypotheses from the reviewed literature and tested them.

*H1* stated that employee attitudes have a positive relationship with managed performance, which was tested and confirmed. In support of the findings, Baptiste's (2008) study revealed that commitment, job satisfaction and work-life balance satisfaction have important effects on levels of engagement, performance and intention to quit. The factored indicators of employee attitudes were satisfaction and commitment to work, which supported the theory. This means that public universities must keep competent, committed and motivated employees to deliver quality services to the clients.

*H2* stated that there is a positive relationship between performance management practices and employee attitudes. The findings upheld the hypothesis and confirm that agency relations, relevant resources, dynamic capability and goal setting converge into performance management practices to explain and provide information that is vital for motivated competent employees to deliver cost-effective quality services. In support of the findings, Pfeffer and Veiga (1999) argued that performance management practices facilitate organisational performance by focusing on employee attitudes.

*H3* stated that performance management practices have a positive relationship with managed performance. In support of the findings, Patterson *et al.* (1997) established that managing performance is achieved through people management practices. Further, managerial practices upon performance should emphasise quality strategies such as quality of training and development; extent of feedback on quality to employees; quality emphasis with customers and suppliers; and involvement of employees in quality control. The study also established a mediation effect of employee attitudes on performance management practices and managed performance.

#### *Limitations and future research*

This was a cross-sectional survey using quantitative approach, by its nature precludes cause-effect relationships being uncovered (Schauffeli *et al.*, 2008). The study relied on self-report measures, so percept-percept bias could have affected the magnitudes of bivariate correlations between the variables. There is a need for complementary longitudinal studies as an intervention. This study dwelled on quantitative approach, failing to tap salient issues from the respondents. Using different methodological approaches (Kozlowski and Klein, 2000), particularly blending both qualitative and quantitative approaches for more enriching results is necessary. Further refinement of this study could also be carried out to establish the mediation effect of employee attitudes between performance management practices and managed performance.

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### About the authors

James Kagaari is a PhD candidate, holds a Master's degree in Organisational Psychology and a Bachelor of Arts in Social Sciences. He is a Lecturer at Kyambogo University and Makerere University Business School. He is interested in developing and testing models on performance management. James Kagaari is the corresponding author and can be contacted at: [kagaari@yahoo.com](mailto:kagaari@yahoo.com)

John C. Munene holds BA and MA degrees and a PhD. He is a Human Resource Specialist and Consultant with interests in organisational development and human behaviour in the work place. He is currently a Professor of Occupational Psychology with over 20 years of Post Doctorate training experience. He is a Professor at Makerere University and Makerere University Business School and has mentored several staff and students both on masters and doctoral programs.

Joseph Mpeera Ntayi holds a PhD, International Postgraduate Diploma in Marketing (UK), MCIM, International Postgraduate Diploma in Project Management, MBA and BCom from Makerere University. He is a Member of the Chartered Institute of Marketing and Member of the European Union Marketing Association. Ntayi lectures and supervises undergraduates, masters and doctoral students. He has undertaken research in the areas of entrepreneurship, marketing and procurement in Uganda's small scale industries (SME) and public sector.

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