HRM Practices and Employee Performance: The Mediation Effect of Ability, Motivation and Opportunity

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ABSTRACT: Studies on HRM practices and employee performance have indicated a positive link between HRM practices and performance. Yet, understanding the mechanism through which the relationship came about remains unclear in the literature. Previous studies mainly established link between the variables without explaining the mechanism through which the link came about. Drawing upon social exchange theory (SET), Ability-Motivation-Opportunity (AMO) and self determination theory (SDT), this paper, proposed a mediating effect of Ability, Motivation and Opportunity on the relationship between HRM practices (job rotation; training; job autonomy; compensation; communication and career planning) and employee task, contextual and adaptive performance.

Key words: Ability, Motivation, Opportunity, HRM practices and Employee Performance.

1. Introduction

Over the years, a number of empirical studies in the field of work and organizational psychology indicated that studying linkage between HRM and performance received much attention (Knies & Leisink, 2014). Nevertheless, despite large number of studies that established direct positive link between HRM practices and employee performance (Akhter, Siddique, & Alam, 2013; Ali, Rahman, & Shah, 2014; Cho & Yoon, 2009; Shahzad, Bashir, & Ramay, 2013; Tiwari, 2011), recent evidences indicated that this relationship can best be explain by indicating the mechanism(s) through which the relationship exist (Alfes, Truss, Soane, Rees, & Gatenby, 2013b; Knies & Leisink, 2014). Therefore, the so called black box needs to be unrevealed so that a clear understanding of the relationship between HRM practices and employee performance can be known. Opening the black box will also provide the necessary explanation on how and why HRM practices influence employee performance. In response to this, several attempts were made in the past using variables like commitment, job satisfaction, and organizational support (Kuvaas, 2008; Snape & Redman, 2010). But still, it is evident as argued by Alfes et al. (2013b), that no consistent ground as to which mediator(s) can best mediate these relationship. For instance, the study of Snape and Redman (2010) provided that mediation of organizational support on the relationship between HRM practices and employee performance was not supported. Similarly, the study of Kuvaas, (2008), proved no evidence of mediation effect of affective commitment on the relationship between HRM practices and employee performance. Based on the above evidences, it is therefore argued that the proposed mediation of organizational support (Snape & Redman, 2010) and effective commitment (Kuvaas, 2008), had no immediate relevance. Thus, it appears that there is urgent need to fill these gaps with an alternative and more relevant mediator(s). To address these gaps, the present paper introduced ability, motivation and opportunity (AMO) as potential mediators.

2.1 Employee Performance

Employee performance is an important concept within the field of work and organizational psychology (Sonnentag & Freze, 2002). Moreover, the concept of employee performance has been operationalized by many scholars as unidimensional construct (Ahmad & Shahzad, 2011; Akhter et al., 2013; Cho & Yoon, 2009; Mahmood, Iqbal, & Sahu, 2014; Munjuri, 2011; Shahzad et al., 2008). While other scholars viewed employee performance as multi dimensional construct (Borman & Motowidlo, 1993; Borman & Motowidlo, 1997; Koopmans et al., 2011; Rotundo & Sackett, 2002; Tsui, Pearce, Porter, & Tripoli, 1997; Williams & Anderson, 1991). However, defining employee performance as multidimensional construct had failed to capture the comprehensive measurement of employee performance. Therefore, the present study is a departure from the previous studies that use employee performance as unidimensional construct. In this regard, three dimensions of employee performance that enhance organizational effectiveness (task performance, contextual performance and adaptive performance) are considered (Borman & Motowidlo, 1997; Koopmans et al., 2011). To indicate the importance of these three aspect of employee...
performance, Borman, Klimoski, and Ilgen (2003) supported that each of the three aspect of employee performance (i.e. task, contextual and adaptive) provided a unique contribution towards enhancing organizational effectiveness. For instance, when an employee (in a given organization) exhibit higher regard on the task performance but refused to exhibit higher contextual performance definitely the organizational effectiveness will be affected. Similarly, exhibiting higher level of task related behaviors alone without adaptive behaviors may likely resulted to stagnation over a period of time or may even led to organizational inability to coup with changes thereby leading to deterioration of the overall performance and organizational effectiveness. This suggested that employee performance has to be regarded as multi-dimensional construct as against uni-dimension.

Task performance refers to the effectiveness within which job incumbent(s) (employee) perform his/her assigned job activities that primarily contribute towards the attainment of the organization's technical core (objectives) either directly by doing a part of its technological process, or even indirectly by providing it the needed materials or services (Borman & Motowidlo, 1993). Contextual performance is defined “as individual behaviors that support the organizational, social, and psychological environment in which the technical core must function” (Borman & Motowidlo, 1993). Contextual performance allows employee to perform certain behaviors that are outside his/her official work schedule but yet enhances organizational effectiveness. Adaptive performance is defined by Griffin, Neal, and Parker (2007) as the level or degree to which an individual employee adapts to new changes in his/her work place or environment. Adaptive performance as a dimension of employee performance emphasizes on behaviors of employee in relation to the growing uncertainty and interdependency of work systems coupled with the corresponding change in the working environment.

2.3 HRM Practices and Employee Performance

In explaining the relationship between HRM practices and performance at both individual and organizational levels social exchange theory (Blau, 1964) had been extensively employed (Alifes, Shantz, Truss, & Soane, 2013a; Alifes et al., 2013b; Snape & Redman, 2010). Therefore, Social Exchange Theory (SET) (Blau, 1964) is also employed to provide theoretical explanation on the relationship between HRM practices (job rotation; training; job autonomy; compensation; communication and career planning) and employee task, contextual and adaptive performance. Basically, in organizations HRM practices serve as a signal that convey to the employees that their organization cared, valued and recognizes them and is even willing for a long term relationship (Aryee, Budhwar, & Chen, 2002). According to SET, when employees perceives such effort from organization, they will feel obligated to reciprocate with positive behaviors (i.e. performance) and attitudes (Gould-Williams & Davies, 2005).

One of the HRM practices that could elicit high job performance is the practice of job rotation (Kaymaz, 2010; Oparanna & Nwaeye, 2015; Saravani & Abbasi, 2013) Job rotation practice in organization allows the employees the abilities and competencies to learn new skills and ideas to engage in performing different task (Bhorat and Hinks (2005). This abilities and competencies learned through rotation will provide a ground for higher adaptability, contextual and task performance (Kaymaz, 2010; Saravani & Abbasi, 2013). Hence, job rotation is a good HRM practice that could enhance employee performance.

Besides job rotation, providing competitive compensation package is another variable that have been found to affect employee performance (Bowra, Sharif, Saeed, & Niaki, 2012). A good compensation packages would enable employees to feel that they are fairly rewarded and subsequently influence their behavior towards high level performance (Dessler, 2008). Furthermore, Wright and Gardner (2003) posit that good compensation system in organization create positive employee willingness to perform. Similarly, allowing employee the freedom and discretion to choose ways of doing their jobs provides them with self determination to demonstrate high job performance (Huang, 2015).

Again, open upward and down ward communication provides employees with relevant information related to their functioning and performance (Gould-Williams & Davies, 2005). In addition, career planning practice attracts individuals (employees) and motivate them to perform well in organization (Wright & Snell, 1998). In this regard, Gardner, Wright, and Moynihan (2011) supported that individuals are more interested to join organizations that offers equal opportunities irrespective of gender, ethnic background etc. Based on the above argument and theoretical explanations we expect that HRM practices will be positively related with employee task, adaptive and contextual performance.

2.2 HRM Practices and Ability, Motivation and Opportunity (AMO)

Literature on HRM and performance had indicated that the Ability-Motivation-Opportunity (AMO) theory (Appelbaum, Bailey, Berg, & Kalleberg, 2000; Boxall & Purcell, 2003) is frequently employed in explaining HRM practices and performance link in research (Pauwe, 2009). Like in many studies, here also the AMO theory guided the selection of HRM practices to be used. In this regard, Lepak, Liao, Chung, and Harden (2006), suggested for the conceptualization of HRM practices by classifying them into one of three primary dimensions: (1) The skill-enhancing HRM
practices; (2) motivation-enhancing HRM practices and; (3) opportunity-enhancing HRM practices. Skill-enhancing HRM practices are those practices that are designed to improve employees’ knowledge, skills and experiences; they include comprehensive recruitment, job rotation, rigorous selection, and training & development. While, the motivation-enhancing HRM practices are those practices implemented to promote employees’ motivation. Typical examples include: developmental performance appraisal/management, promotion, compensation, autonomy, career development, and job security. Similarly, the opportunity-enhancing HRM practices are designed to enable the employees to use their abilities and motivation to attain organizational objectives. Practices that are used to enhance opportunities includes: job design, employee involvement, work teams, career planning, and communication/information sharing (see, Jiang, Lepak, Hu, & Baer, 2012a; Jiang et al., 2012b; Lepak et al., 2006; Subramony, 2009).

Two HRM practices (job rotation and training) are considered here as ability enhancing practices. Fægri, Dybå, and Dingsøy (2010) argued that job rotation generally improved the employees’ problem solving competencies and abilities. Similarly, Way (2002) supported the view that job rotation broadens the employees’ skills leading to enhanced ability that produces superior performance. Like job rotation, training also allow employees to acquire the required knowledge, skills and experiences that equip them with necessary ability to perform optimally in organization (Way, 2002).

Compensation and job autonomy are the two practices considered to enhance employee motivation in this paper. Compensation as HRM practice had been considered to be one of the of the most important predictor of motivation (Bonner & Sprinkle, 2002; Fang & Gerhart, 2012). In line with this argument (Sharp, 2015), acknowledge that the quality and performance of employee largely depend on how well organization implement compensation practice. He further supported that compensation is the primary factor for motivating employee in organization to strive for greater performance. Similarly, job autonomy create high sense of responsibility of employees that make them to be intrinsically and extrinsically motivated to better their performance (Huang, 2015).

In addition, Smidts, Pruyn, and Van Riel (2001) argued that when employees are well informed about organizational activities like information about goals and objectives, information about achievements and new development it enable them to develop some characteristics that differentiate them from others. Good communication practice in organization increases employee confidence levels leading to more positive performance (Essays, 2013).

The theoretical lens that can best explains the process in which HRM practices that enhances employees’ ability (job rotation and training), motivation (compensation and autonomy), and opportunity (communication and career planning) as proposed in this framework affect the individual employee(s) ability, motivation and opportunity in organization is self-determination theory (Deci & Ryan, 1985). The self-determination theory (SDT) posits that when people (employees) satisfy their three innate psychological needs which includes: (1) the need for competence (experiencing oneself as capable and able to affect outcomes); (2) the need for autonomy (participation in choices and being the instigator of one’s actions without outside control) and; (3) the need for relatedness (feelings of belonging to and participating in a collective involving mutual respect and caring (Deci & Ryan, 1985). Based on SDT, we argued that practices that enhance ability like training and job rotation can help to optimize employees’ skills knowledge and competence to perform their assign tasks (Jiang et al., 2012a). Similarly, practices that are suggested to enhance motivation like compensation and autonomy can also move employee to action. In addition, the practice of effective communication and career planning can provides employee with the required opportunity to perform in organization. Thus, we expect that HRM practices will positively influence employees AMO.

2.4 Ability, Motivation and Opportunity (AMO) and Employee Performance

The basic assumption of Ability-Motivation-Opportunity (AMO) theory is that, performance of an employee is determined or rather a function of his/her ability, motivation and opportunity (Appelbaum et al., 2000). The proponents of AMO theory argued that employee performance is a function of employee AMO. Thus for an employee to perform optimally he/she must have the ability, coupled with the motivation and a given opportunities. Furthermore, in relation to the AMO proponents, performance at individual level has for long been viewed as a function of individual motivation and ability (Vroom, 1964). But, scholars like Peters and O’Connor (1980) and also Blumberg and Pringle (1982) contended that an often overlooked but yet important additional function of performance is “opportunity to perform”. Parker and Turner (2002) supported the arguments of Neal and Griffin (1999), indicating that motivation influence most strongly to contextual performance whereas ability apply most strongly to task performance.

A part from the theoretical assumptions, previous studies on employee performance had also empirically revealed that employees’ ability, motivation and opportunity provided them with necessary requirement to perform optimally in organization (Knies & Leisink, 2014; Tuuli & Rowlinson, 2009). For instance, Tuuli and
Rowlinson (2009) supported the positive influence of AMO on employee task and contextual performance arguing that when employee(s) feel that they possess the required work-related competence and abilities he/she tends to exhibit task and contextual performance. Again, intrinsically and extrinsically motivated employees usually have greater opportunity to perform jobs in ways that contribute towards the achievement of organizational goals (Tuuli & Rowlinson, 2009). In terms of contextual performance Tuuli and Rowlinson (2009) revealed that opportunity is the strongest predictor.

2.5 Mediating role of Motivation-Ability-Opportunity (AMO)

Despite large volume of studies on HRM practices and performance at employee level, yet the fundamental reason behind the relationship (mechanism) remain unclear (Alfes, 2013). Thus the need for more research to uncover the mechanism(s) became apparent. Based on recommendation from the work of Jiang et al, (2012b) on the possible mediation role of AMO, the present study considered the capability of AMO variables as the best mediating variables capable of explaining the black box on the relationship between HRM practices and employee task, contextual and adaptive performance. The mediating role of AMO had been recorded in the literature (Demortier, Delobbe, & El Akremi, 2014; Parker & Turner, 2002; Tuuli & Rowlinson, 2009). To be specific, the mediation of AMO on the relationship between psychological empowerment and employee task and contextual performance was established (Tuuli & Rowlinson, 2009). Thus, based on the suggestions and also empirical evidence on the mediation ability of AMO, the present paper proposes the framework below.

3.0 Proposed Research Framework

Building on the foregoing discussion and literature review, this paper proposes a conceptual framework as illustrated in Figure 1.

Figure 1

The above proposed conceptual framework depicts the mediating effect of AMO on the relationship between HRM practices (job rotation; training; job autonomy; compensation; communication and career planning) on employee performance (task, contextual and adaptive). As depicted in figure1, the HRM practices of organization are likely to influence the AMO (Demortier et al., 2014; Knies & Leisink, 2014), which will subsequently predict employee task, contextual and adaptive performance (Appelbaum et al., 2000; Purcell & Kinnie, 2007).

4.0 Conclusion and Implications

The present paper has introduced a proposed theoretical model regarding the potential mediation effect of AMO on the relationship between HRM practices (job rotation; training; job autonomy; compensation; communication and career planning) on employee performance (task, contextual and adaptive). The proposed model has several implications for promoting employee(s) task, contextual and adaptive performance. If validated, the proposed framework will provide managers and practitioners with important insight on the significant role of HRM practices and AMO in promoting optimum employees task, contextual and adaptive in organization that will led to effective attainment of organizational objectives. Additionally, the paper also suggested that when validated, the above proposed framework will provides practical implication to the managers on
the best combination of HRM practices to be adopted in promoting higher employee performance. Furthermore, the framework suggested that AMO will explain the mechanism through which HRM practices led to employees’ task, contextual and adaptive performance in organization. Lastly, the proposed model provides a comprehensive operational measure of employee performance that enhances organization effectiveness which comprises task, contextual and adaptive behaviors of employees. This signified that performance at individual level extend beyond a mere execution of job description (task performance), but also includes contextual and adaptive behaviors that support organization (Borman & Motowidlo, 1997; Parker & Turner, 2002).

References


