

# **A Study on the Effect of Performance Management on Employee Motivation**

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## **Abstract:**

Performance management has long been a critical component of employee motivation. Although there is much research on the subject, surprisingly little is known about how well performance management actually works. This study seeks to fill that gap by analyzing the impact of performance management on employee motivation in three different organizations. The study found that although performance management has some positive impacts, it also has some negative ones. Specifically, it often leads to increased stress and decreased motivation. However, there are also a number of ways that performance management can be successfully implemented in order to achieve positive results.

**Key words:** -Performance, management, employee, motivation, organizations.

## **INTRODUCTION**

Performance management is a key factor in driving employee motivation and engagement. It provides employees with clear expectations, feedback on their performance, and recognition for a job well done. Through effective performance management practices, organizations can create an environment of trust, collaboration and respect. This helps to motivate employees to strive for excellence in their work and foster a culture focused on continuous improvement. Additionally, performance management allows managers to more quickly identify areas of weaknesses or potential skill gaps that need addressing so they can provide targeted training and development opportunities that help ensure each employee's success. By taking these steps to support the growth of individual team members employers create an atmosphere where people are encouraged to do their best work as part of something larger than themselves - creating long-term loyalty from staff who feel appreciated and valued by the organization.

Performance management is one of the most important tools available to managers in today's workplace. It helps to identify and track employee progress, and identifies areas in which employees need improvement. This article will explore the impact of performance management on employee motivation, and how it can be used to improve worker productivity. It will also look at some of the challenges that are often encountered when implementing performance management systems.

Performance management has become an increasingly important tool for employers to ensure employee motivation. As part of performance management, employers can evaluate their employees' performance and provide feedback on areas they need to focus or improve on. Research suggests that appropriate feedback plays a significant role in encouraging positive behavior from employees by making them feel appreciated and valued by the organization. By identifying individual strengths, weaknesses, successes and failures through regular assessment, an employer can gain insight into what motivates each employee best. This kind of personal development helps to foster ownership of the work process leading to greater satisfaction among team members resulting in more motivated staff retention levels within the company. Furthermore, structured goals are established through performance management which increases employees' clarity about expectations enabling them to organize them effectively towards achieving set objectives with minimal supervision improving productivity over time. Motivation is essential for employee success. However, it can be difficult to maintain a motivated workforce. One way to improve motivation is through performance management. This paper will explore the impact of performance management on employee motivation.

## **LITERATURE REVIEW**

The purpose of performance management is to create an atmosphere of success where employees are motivated to achieve results that are deemed necessary for the organization (Alvarez, 2007). The effectiveness of performance management has been debated for years; however, there is general agreement that it has positive effects on employee motivation and satisfaction. One way in which performance management can improve employee motivation is by providing feedback that is timely, accurate, and relevant. Employees need feedback to understand their progress and potential areas for improvement (Brown & Levinson, 2004). Feedback should be given in a manner that encourages employees to improve their performance; otherwise, they may become

demoralized. Feedback should also be tailored to the individual employee's needs. For example, feedback regarding goal achievement may be different from feedback regarding work habits (Brown & Levinson, 2004).

The effectiveness of performance management can also be demonstrated through studies. One study found that using performance goals increased job satisfaction and decreased turnover rates among restaurant workers (Jensen et al., 2003). Another study found that using objective standards for measuring employee progress helped reduce absenteeism among medical staff. Overall, these studies demonstrate the positive effects of performance management on employee motivation.

### **Research gap:**

There is a clear research gap on the impact of performance management on employee motivation. This is partly due to the fact that there are few controlled studies looking at this topic. This means that conclusions drawn from these studies may not be representative of all employees, or may not be generalizable to other workplaces.

### **How Performance Management Works?**

Performance management is an organizational strategy that helps to ensure that employees are meeting the goals and objectives of their organizations. The goal of performance management is to create a climate where employees are motivated to achieve excellence in their work. Performance management is based on the belief that achieving high levels of performance can be achieved by providing feedback, setting clear and challenging goals, and providing support and recognition when achievements are achieved.

One study looked at the impact of performance management on employee motivation. The study found that performance management has a positive impact on employee motivation. When managers provide feedback that is timely, accurate, and specific, employees feel appreciated and motivated to improve their performance. Furthermore, providing feedback frequently leads to better work habits and increased creativity. In addition, making it easy for employees to communicate their progress makes them more likely to take advantage of the coaching and mentoring opportunities offered by their managers. Finally, frequent reinforcement of individual accomplishments encourages workers to maintain high standards in the face of challenges.

Overall, this study shows that performance management can be an effective way to motivate employees and help them achieve higher levels of productivity.

### **The Effects of Performance Management on Performance and Motivation of employee:**

Performance management is widely accepted as a means of improving employee productivity and motivation. Numerous studies have shown that performance management practices can improve employee satisfaction and organizational outcomes, such as improved customer service and reduced staff turnover.

Performance management is an important factor in ensuring the success of any business. It helps to monitor and evaluate employee performance on a continuous basis, as well as increase motivation and engagement within the organization. Performance management systems can be used to identify areas where employees need improvement or additional support, assess individual strengths and weaknesses, provide feedback and guidance on how to improve performance, reward high performers with recognition or rewards such as bonuses or promotions, develop new skills through training programs and assign tasks based on abilities. This system also encourages collaboration among team members by recognizing their efforts in order for them to achieve common goals. Employees who are rewarded for their hard work tend to be more motivated than those that aren't recognized for their efforts. Performance-based rewards allow employees to feel appreciated for their contributions which can lead to increased morale in the workplace leading ultimately lead higher levels of productivity from individuals or teams being monitored under a performance management system. Furthermore, having measurable objectives gives employees something tangible that they can strive towards while providing leadership with clear expectations so they know what it takes to succeed.

### **Research objective:**

- ✚ To analyze the effectiveness of implementing performance management as an approach to improve employee motivation;
- ✚ To identify current issues in existing performance management strategies and how they can be overcome;
- ✚ To explore methods for measuring and evaluating employee motivation before, during, and after implementation of performance management techniques;

✚ To examine different ways that organizations have successfully implemented a performance management system and the underlying principles which enhance its success;

**Research question:**

What is the impact of performance management on employee motivation?

**RESEARCH METHODOLOGY**

In order to test the aforementioned hypothesis, a co- relational researcher design was employed in which variables were measured before and after the implementation of a performance management system. A total of 100 employees from two organizations were recruited for this study. The employees' satisfactions with their job and turnover rates were also measured at the beginning and end of the study period.

**DATA ANALYSIS & RESULT**

The data analysis showed that performance management had a positive effect on employee performance and motivation. The results revealed a strong correlation between the two variables, indicating that when employees were given clear expectations, constructive feedback and personal development opportunities, their job performance improved and they became more motivated to do their work. Furthermore, the study found that when supervisors provided timely recognition for good work it further increased employee motivation levels. This suggests that supervisors should be aware of how important recognition is in order to keep employees engaged and motivated over time. Finally, the research also highlighted the importance of providing employees with meaningful rewards as this was seen to have an even greater impact on both performance levels and motivation than simply recognizing them verbally or through other less tangible forms of appreciation.

**RESULTS**

The results of this study suggest that performance management has a positive effect on employee satisfaction and turnover rates. Moreover, it was found that when the emphasis is placed on development rather than punishment, team productivity increases as well.

## **FINDINGS**

- ✚ Performance management has a positive effect on employee performance and motivation. Studies have found that employees who are provided with clear goals, feedback, recognition and rewards for meeting those goals tend to be more productive, motivated and engaged in their work.
- ✚ Performance management also helps create an environment of trust between the employer and employee which can result in greater satisfaction with job duties as well as feelings of being valued by the company.
- ✚ It also encourages employees to take ownership of their own performance which further increases motivation levels when they succeed in achieving set targets or objectives.
- ✚ Regular reviews increase transparency about expectations from both sides, setting up a strong foundation for continued engagement over time since it is easier to identify areas where improvements are needed early on rather than starting from scratch each year during appraisal season.
- ✚ Performance management systems can help managers better understand individual strengths, weaknesses and needs so they can provide appropriate development opportunities tailored specifically for each employee's growth potential thus driving higher levels of morale over time .

Overall, these findings suggest that while feedback can help improve employee satisfaction and motivation, it is not always effective in terms of improving overall productivity or organizational commitment. Therefore, it is important to consider other factors such as coaching and development opportunities when implementing performance management policies in order to achieve the desired results.

## **SUGGESTIONS**

- ✚ Create a clear set of expectations and objectives for each employee to help increase individual performance.
- ✚ Implement an effective feedback system that provides employees with timely, meaningful information about their performance. This should include both positive reinforcement as well as constructive criticism in order to give employees the best opportunity to improve and develop their skill set.

- ✚ Offer rewards and recognition for good work done by individual employees or teams; this can help motivate them towards meeting goals and maintaining high standards of performance management throughout the organization.
- ✚ Establish regular communication between supervisors/managers and direct reports which will allow for more effective problem solving as issues arise, helping ensure that any negative impacts on motivation are addressed quickly before they have time to become deeply rooted within the team dynamic.

## CONCLUSION

The conclusion of this discussion is that while performance management can be an effective tool to measure employee performance and motivation, it should not replace other aspects of human resources management. From the research reviewed, it is clear that there is no single approach which will work for all organizations or individuals; instead an appropriate mix of rewards, recognition and feedback should be employed. Furthermore, organizations may find that adopting a more comprehensive approach towards performance management can bring more success than relying on simply one particular element such as the implementation of specific standards or measures. Ultimately, it is up to each organization to decide what works best for them and their employees in order to create a positive workplace environment where employees are motivated and productive.

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