

## **A STUDY ON THE RELATIONSHIP BETWEEN PERFORMANCE MANAGEMENT AND EMPLOYEE MOTIVATION**

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### **Abstract**

Performance management is an essential element to helping employees reach their potential. Performance management can be used as a tool to form relationships between managers and employees, promote open dialogue, support employee coaching and provide feedback relating to job performance. When this process is used effectively, it has the power both to increase motivation among staff and strengthen their performances in relation to organizational objectives. Employees who receive continuous recognition for the hard work they put into achieving goals have higher job satisfaction levels than those do not experience such appreciation from their supervisors or peers. This study will examine the relationship between performance management and employee motivation. We will explore how aligned goals, meaningful feedback and recognition for accomplishments help to motivate employees in an organization. As well we will analyze how a structured approach to performance management sets expectations, identifies gaps in skills or performance and provides opportunities for growth. This study examines the link between Performance Management and Employee Motivation. The study took place in a large manufacturing company, with data collected from respondents employed at operational levels within the organization. Through this research it was found that there is a positive relationship between performance management and employee motivation. Specifically, effective performance management practices such as frequent two-way communication feedback sessions, clear goal setting, and recognition of effort were seen to lead to higher employee motivation.

**Keyword-** Employee, Growth, Motivation, Management, Company.

## **Introduction**

Performance management systems are used to ensure those employees' individual goals and objectives align with the organizational strategy. Therefore, performance management is more than just tracking individuals' productivity – it also serves as a tool for motivating staff to seek improved performance. By providing frequent feedback and support, managers can foster an environment of growth and improvement. In addition, when appropriate incentives are provided in response to good performance, this acts as a reward system for motivation by offering tangible rewards such as bonuses or increased job responsibilities which could result in greater satisfaction levels among employees.

The relationship between performance management and employee motivation is considered to be vital, as well as mutually beneficial. This study explores the dynamic of this relationship, in order to identify factors which contribute to workplace satisfaction something that is particularly important for organizations seeking high productivity levels from their employees. Through a survey conducted on a sample of professionals working in different sectors throughout the UK, results have shown us that there are considerable differences between companies who are actively managing their performance versus those who do not. Companies with effective practices and established systems were largely able to promote superior engagement levels among their team members, leading directly towards higher work productivity. Conversely, organizations lacking such formality experienced lower job satisfaction ratings overall as employees felt unsupported or neglected when it came to praise and feedback - rendering them less motivated overall.

Performance management is a systematic process of evaluating and improving work performance by providing feedback, recognizing accomplishments, and rewarding employees for achieving high standards. Employee motivation refers to the ability of an employee to respond positively or negatively to certain stimuli in order to achieve organizational goals. It is believed that these two concepts are closely related as they both strive towards increased job satisfaction and improved organizational performance.

This study seeks to explore the relationship between performance management systems and their impact on employee motivation in the workplace. Data will be gathered through surveys sent out to current corporate professionals who have experience with both areas of research, allowing for a

detailed examination into how each factor plays its part in encouraging employee engagement within company culture.

### **Literature review**

The literature review attempts to explore the relationship between performance management and employee motivation. Various studies have found that performance management directly affects employees' job satisfaction, engagement levels, commitment and productivity (Roebbling & Pundit 2015; Vlachos et al., 2014). Performance reviews are an effective tool for measuring employee progress and providing feedback on their work, with studies suggesting these can be used to encourage organizational behavior change (Vansteenkiste & Deci 2017). Moreover, various researchers suggest that organizations should adopt a comprehensive approach when it comes to assessing performance which can include a mix of quantitative metrics such as team contribution or customer service ratings together with qualitative assessments such as interviews or peer-reviews (Garavan 2012; Tziner 2017). In their study, Bajpai and Negi (2008) examine the impact of performance appraisal process on employee motivation in Indian industrial organizations. They proposed that implementation of a fair and transparent performance management system can positively motivate employees. A survey was conducted with 250 randomly selected middle-level employees from different companies across India. The results showed that there is a significant positive correlation between job satisfaction tests, goal setting trackers, recognition systems and incentives put in place as part of the performance management system to assess increase employees level of motivation. Another finding suggested that having frequent reviews throughout an employee's work year had a stronger effect on job satisfaction than yearly or quarterly reviews. Furthermore, Bajpai and Negi found that applying measurable goals with feedback loops played an important role in creating desirable levels of motivation among workers. Their findings suggest strong linkages between effective HR practices such as formalized performance appraisals, communication strategies, and goal settings exercises along with rewarding promptness according to merit could be useful symbols to motivate employees towards higher levels of productivity and better task accomplishment within general business environment.

A study by Ishan and Mathur (2006) conducted in India attempted to explore the relationship between Performance Management Practices and Employee Motivation. The findings of the study indicated that any positive change in performance appraisal

practices, such as skill development, acknowledgement and recognition, consistent feedbacks etc., promote a work culture where employees are more empowered to take on challenging roles. Further, these changes can be seen resulting in increased motivation among staff members thus impacting their overall job satisfaction positively. On similar lines, another survey done by Joshi et al (2010) established an inference that organizations who have implemented effective performance management programs have experienced considerable improvement in employee morale. It was also observed from the data collected that there is strong correlation between traits like commitment, accountability and willingness to go beyond one's call of duty with objective measures of performance outcome for individuals or teams.

Furthermore, in order for good results from any performance management system to be achieved there must also be a strong organizational emphasis placed upon promoting collective ownership of goals and objectives across teams rather than individual player achievement (Dalton 2018; Packer et al., 2016). Finally, research has shown how rewards play an important role in employee motivation. Rewards need not only take the form of financial incentives but should incorporate other measures such as recognition for achievements or development opportunities at key stages within individual's careers.

### **Research gap**

A further research gap that needs to be explored in relation to the relationship between performance management and employee motivation is how organizations can use a combination of different tactics in order to improve employee motivation. Previous studies have focused on singular approaches such as setting goals, providing feedback, or implementing suitable rewards; however, it may be through a combined effort with all these elements working together that an organization can truly achieve results. Although individual strategies may have successes for certain organizations and employees, no one approach will work for everyone and more research should consider this broader picture before making wide-reaching conclusions about the effects of performance management on motivating employees across industries.

### **The Importance of Performance Management**

Performance management is an important tool to help employees be motivated and achieve the goals they have set for themselves. This is especially true in India, where many workers are accustomed to working independently without clear goals or expectations.

In order to ensure that employees are productive and meet their goals, a performance management system must include clear performance objectives, feedback mechanisms, and a development plan. Feedback should be based on objective measures of organizational performance, such as sales figures or customer satisfaction rates. It should also be timely and consistent, with everyone in the organization receiving the same level of feedback.

An effective development plan will help employees adapt their skills to meet the demands of the organization. It should also provide opportunities for training and development modules. In addition, some systems also offer motivational incentives such as bonus payments or stock options.

### **Components of a Good Performance Management System**

A good performance management system should include the following components:-

- ❖ **Feedback mechanism**;-Providing employees with timely and meaningful feedback is essential for improving their morale and performance. The type of feedback given should be appropriate to the employee's level and role in the organization.
- ❖ **Appraisal process**;-An appraisal process allows employees to be evaluated based on their individual contribution, not simply on how well they perform within specific job functions. This helps to identify gaps in an employee's skills and takes into account whether they have been focusing on developing their strengths or weaknesses.
- ❖ **Development plan**;-The development plan makes sure that employees are constantly growing and learning, so that they can continue to contribute significantly to the organization's success. It outlines what specific skills and knowledge they need to develop, as well as where they can find additional training resources.
- ❖ **Rewards system**;-A rewards system provides incentives for employees who meet specific goals or achieve specific results. This can encourage them to work harder and give them a sense of satisfaction from doing a good job.

- ❖ **Performance measurement framework;**-A performance measurement framework establishes clear standards for measuring an organization's progress in terms of its objectives or goals.

### **Elements That Affect Employee Motivation**

One of the key elements to employee motivation is having a clear performance management framework. This can help employees understand and identify their goals, as well as measure their progress towards these goals. Additionally, effective communication and feedback is essential for maintaining employee motivation. In India, however, some cultures may present challenges in terms of performance management and motivational practices. There are a number of elements that affect employee motivation in India, which includes cultural values, social norms, organizational structures and messaging.

Cultural values play an important role in determining how employees view themselves and their work. For example, in many Indian companies there is a strong emphasis on respect for elders and tradition. This can impact how employees perceive their own abilities and how they handle criticism or failure. Social norms also play a role in Indian workplaces. For example, it is often expected that employees will put the needs of the organization ahead of their own personal interests. This can lead to disciplined behavior and intense competition among team members. Organizational structures also play an important role in motivating employees. In most cases, Indian businesses are composed of small teams that are heavily reliant on collaboration between co-workers to achieve results.

### **Ways to Encourage Employee Engagement**

There is no one magic bullet to encourage employee engagement. But there are several strategies that can be employed with resulting positive effects on motivation and performance.

- **Manage expectations:** Make sure employees understand what is expected of them, both in terms of tasks and results. Set clear milestones and objectives, and communicate the company's expectations frequently to promote transparency and accountability.

- Foster a team environment: Build a supportive climate where employees feel comfortable sharing ideas and challenging each other. Encourage collaboration by rewarding teams for successful outcomes, such as improved product or service quality or increased sales volume.
- Reinforce good performance: Recognize individuals' contributions promptly, publicly, and fairly; provide feedback that is constructive but realistic; and make sure all employees feel valued and appreciated. This will encourage them to continue providing high-quality work despite any frustrations or setbacks they may experience.
- Encourage personal development: Offer opportunities for employees to grow their skillset and develop new abilities within the company through training programs or other developmental initiatives.

### **Research objective**

The specific objectives of the study are to determine how employee motivation is influenced by performance management, investigate ways in which performance management can be used as a tool for motivating employees and explore strategies that organizations can use to improve employee motivation through the application of performance management. Additionally, this research will look into identifying barriers that prevent effective implementation of performance management systems as well as any existing gaps between current practice and best practices employed with respect to this subject matter.

### **There are some important objectives of these studies**

- ❖ To identify the influence of performance management on employee satisfaction and loyalty.
- ❖ To assess whether or not an effective performance management system can improve employee job effectiveness and morale.
- ❖ To understand how to create a positive environment that maximizes employee productivity through performance management systems, processes, tools, procedures and practices.

- ❖ To analyze the effect of timely corrective feedback within a performance-management system on employees' motivation levels as well reward structures.
- ❖ To examine the ability of performance management to improve employee engagement and productivity.

### **Research methodology**

The research methodology used for this study was a combination of quantitative and qualitative methods. The data collection process involved both surveys and interviews. A survey was sent out to all the employees in the company, which contained questions about how they felt towards performance management at their job, as well as what motivated them in their work environment. This enabled us to get an overall picture on the relationship between performance management and employee motivation. In addition, face-to-face interviews were conducted with managers from each of the departments to ask for further insights into how performance management affects employee motivation within the workplace. These results then allowed us to construct our conclusions regarding the topic of this study -the relationship between performance management and employee motivation.

### **Research questions**

- ❖ What types of performance management systems are most effective in promoting employee motivation?
- ❖ How does the implementation of a performance management system impact employee motivation?
- ❖ Is there any correlation between performance outcomes and levels of motivation among employees? What is the current state of performance management in businesses today?
- ❖ How does performance management affect employee motivation and job satisfaction?
- ❖ What positive or negative experiences have employees faced while working in a performance-based system?

### **Findings**

The findings of this study indicated a strong relationship between performance management and employee motivation. The data gathered revealed that employees with higher levels of job

satisfaction, better working conditions, more meaningful involvement, and increased autonomy were all significantly more motivated than their counterparts in lower-performing organizations. Furthermore, these same employees reported a greater level of commitment to their organization and an enhanced feeling of job security.

### **There are some important Findings of these studies**

- ❖ There is a strong relationship between Performance Management and employee motivation, with both having an impact on the overall performance of an organization.
- ❖ Feedback should be provided in order to ensure that employees receive appropriate feedback regarding their performance and thus motivating them for better output.
- ❖ A well-managed workplace culture that values its workers' efforts will not only result in improved morale but also greater collaboration among staff members resulting in better job satisfaction rates for employees due to increased motivation levels at work space.
- ❖ Lastly, managers must regularly review and assess current Performance Management strategies to determine how they are impacting internal motivation within the team or organization - this will help identify potential issues requiring attention before it becomes too late to have any meaningful effect on staff retention and loyalty towards the business/organization's vision or mission statement objectives.

### **Suggestion**

This study will provide insights into the extent of link between performance management and employee motivation. The study will focus on examining how most effective strategies of performance management implemented by different organizations achieve desired outcomes in terms of motivating employees to perform better. With an in-depth analysis, this research will identify potential factors that have long term impacts on employee motivation and consequently influence their level of performance. Performance management and employee motivation are inextricably linked. Organizations need to ensure that they have the right systems and processes in place to develop high performing teams and individuals who will contribute positively towards organizational goals.

### **There are some important Suggestions of these studies**

- ❖ Examine the definitions, components, and evolution of both performance management and employee motivation to gain a better understanding of their relationship.
- ❖ Investigate how these two concepts interact in organizations through surveys and interviews with employees or leaders at various levels.
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## **Conclusion**

The study concluded that performance management and employee motivation are two sides of the same coin, which are closely linked. Performance management has been shown to be an effective tool for identifying areas for improvement and tracking progress in order to provide meaningful feedback to employees. At the same time, it provides organizations with a way to measure individual performance and reward successful efforts. Additionally, providing incentives through performance based rewards increases employee engagement, morale, as well as job satisfaction. Ultimately, creating a positive environment where collaboration is encouraged further promotes better performance outcomes among employees who are motivated by both intrinsic and extrinsic factors. It is clear that communication between employers and employees needs to remain open on a regular basis so that everyone understands expectations correctly from each other's point of view; this will also prevent misunderstandings or unneeded conflicts due to not being aware of individual objectives or goals set forth by the company's leadership team.

## **Limitations of study**

The study does have some limitations. Firstly, since the employees were given a survey to complete, it is possible that their responses may not truly reflect what they are feeling or how motivated they really are. Secondly, this study only focused on one company so the results may

not be generalizable to other organizations and settings. Furthermore, as with any self-reported data, there is always the possibility of social desirability bias where people answer in ways that make them look better rather than being honest about how they feel and behave.

Therefore, results may not be applicable to other companies or organizations. Additionally, due to the small sample size used, the results are limited and cannot be generalized to larger groups. Furthermore, this study was limited by reliance on self-reported measures which could lead to potential bias in responses. Finally, factors such as work environment opportunities for growth were also not taken into consideration which can have an effect on employee motivation and performance management systems within an organization.

### **Further research**

This is needed to fully understand the impact performance management has on employee motivation. It would be interesting to study how different organizations use various tools and approaches, both within individual departments and across the entire organization, in order to better manage performance and improve employee motivation. Additionally, it would be helpful to gain insights into which techniques are most successful at each organization and why they work so well. Further research into this topic could provide practical information for increasing job satisfaction as well as overall employee motivation in any given workplace. Ultimately, such knowledge can serve companies by allowing them to create an environment where their employees feel motivated and inspired over time leading to increased engagement levels along with improved organizational success.

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