The Impact of Performance Management towards Employee Motivation to Perform: Evidence Based on a Manufacturing Company in Sri Lanka

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INTRODUCTION

According to previous researchers, motivation is a trigger in the human personality that will drive a person to accomplish a particular objective. Motivation has turned into a basic component in employee performance management in many organizations. (Amar, 2004) The current study revolves around researching the effect of performance management on employee motivation. In the organizational, performance management intends to ensure the performance of a happy employee aligned with the achievement of the organization's objectives. The overall performance and the success of an organization and the employee motivation are closely related. (Bohlander & Snell, 2010). Hence it is the responsibility and the duty of an organization to motivate the employees to perform at their maximum potential. Performance management system can be different from one organization to another. However, Performance planning (PP), performance review (PR), performance monitoring (PM), and performance assessment (PA) can be considered as the basic elements of a performance management system. The current study is based on a new Performance Management Scheme introduced in ABC company which provides thermal systems to the market, in which aims to analyze how the new scheme has impacted on the employee motivation to perform better.

OBJECTIVES

1. To measure the impact of performance planning towards employee motivation
2. To measure the impact of performance reviewing towards employee motivation
3. To measure the impact of performance monitoring towards employee motivation
4. To measure the impact of performance assessment towards employee motivation

THEORY

Following theories has been identified based on the new Performance management Scheme, they have focused on individual and group development both. There are multiple theories proposed by different researchers in showcasing the linkage between the performance management and the employee motivation. The goal setting theory has been identified after carefully analyzing the workers in organizations (Locke and Latham, 1969), the theory is usually used for personal goals for the individuals. It can be applied to a larger group for effective results. Through this theory, they tried to reveal the relationships between the organizational goals and the motivational factors of the employees. The theory suggests that the goals that an organization sets for its employees can be critical, and to convince them, takes an especial effort. The theory calls attention to vital mechanisms that links the organizational goals and the outcome of the employee performance, hence the employee performance management mechanisms adapted by different organizations.

METHODS

As the initial stage of performance management process, PP refers to the deliberate and well-thoroughly considered approach to successfully deal with accomplishing ideal goals of an individual employee or a group of employees consistently (The Economic Times, 2018). PP incorporates benchmarks of performance as per affiliation essential objectives and observing potentials required and improvement strategies to perform effectively (Kohli and Deb, 2010). As the next stage, PR results empower administrators to settle on choices concerning salary increments and pay according to the review. It is known as a system of working in the way of accomplishing the performance prospects by making amendments to the existing performance planning (Kandula, 2007). As the 3rd stage, PA refers to an efficient method for looking at how well an employee is performing on their responsibilities and duties (Minnesota Libraries, 2018). It is the means that facilitate achievements to reinforce and poor performance for rectifications (Armstrong, 2014). Finally PM is the path toward referencing exact and target performance facts depending on results and needs which are in employee performance plan and are legitimately reflected in the performance assessment with the purpose of improving the employee performance (Kandula, 2007).

The study involves in quantitative data accumulation and analysis technique. Fundamental scope is restricted to the official staff of the chosen organization in the privet sector. The executive staff has been identified as the sampling unit for this research which is the target group of this study. There are 70 employees who are above the executives & managerial level working at the corporate head office and another 90 employees below the executive level in

branches and factories respectively. For the current study, 60 out of 70 executives were selected by simple random sampling method in order to collect the data and data was collected through distribution of a structured questionnaire. Initially Normality test was done to identify the normality and reliability of data then Pearson Correlation Analysis has been done to identify the relationship between the variables and finally the regression model was developed.

RESULTS

Descriptive Statistics

Descriptive Statistics											
		N	Min	Max	Sum	Mean	Std. Deviation	Skewness		Kurtosis	
		Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Performance 1Planning	Objective1 setting	60	2	5	204	3.4	0.718	0.364	0.309	0.021	0.608
	Realistic1 work plan	60	2	5	206	3.43	0.722	0.241	0.309	-0.095	0.608
	Employe1 involvement	60	2	5	235	3.92	0.561	-1.222	0.309	4.051	0.608
Performance 1Review	Balance between 1objectives	60	2	5	243	4.05	0.811	-0.881	0.309	0.813	0.608
	Performance meeting	60	2	5	235	3.92	0.85	-0.695	0.309	0.195	0.608
	1Regular Feedback	60	2	5	222	3.7	0.743	-0.471	0.309	0.201	0.608
performance 1monitoring	1Individual performance	60	2	5	175	2.92	0.72	0.69	0.309	0.935	0.608
	1Progress review	60	2	5	206	3.43	0.621	0.261	0.309	-0.114	0.608
	1Right Tools	60	2	5	218	3.63	0.61	-0.535	0.309	0.246	0.608
Performance 1Assessment	1Continuous assessment	60	2	4	220	3.67	0.572	-1.537	0.309	1.462	0.608
	1Frequent assessment	60	2	5	223	3.72	0.585	-1.444	0.309	2.007	0.608
	1Discussion on ratings	60	2	5	254	4.23	0.767	-0.896	0.309	0.74	0.608
1Motivation	Recognition	60	2	5	246	4.1	0.73	-0.699	0.309	0.836	0.608
	1Salary increment	60	2	5	246	4.1	0.752	-0.662	0.309	0.496	0.608
	1Delegation of power	60	2	5	248	4.13	0.929	-0.405	0.309	-1.436	0.608
	1Valid N (listwise)	60									

Normality Test

Variable measured	Cronbach Alpha value	KMO Value
Performance planning	0.802	0.715
Performance Review	0.761	0.644
Performance Monitoring	0.772	0.591
Performance Assessment	0.868	0.733
Motivation	0.874	0.645

Pearson Correlation Analysis

		Performance Planning	Performance Reviewing	Performance Monitoring	Performance Assessment
Employee Motivation	Correlation	0.107	0.513	0.856	0.895
	Sig.	0.416	0.000	0.000	0.000

Multicollinearity Test

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	Performance Planning	-.083[b]	-1.405	.166	-.183	.956	1.046	.956
	Performance Review	.053[b]	.771	.444	.102	.719	1.391	.719
	Performance Monitoring	.325[b]	2.959	.004	.365	.250	3.994	.250
2	Performance Planning	-.048[c]	-.829	.410	-.110	.907	1.103	.228
	Performance Review	.052[c]	.802	.426	.107	.719	1.391	.229

Multiple Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.895[a]	.801	.798	.505599	
2	.910[b]	.828	.821	.474853	2.296

DISCUSSION

KMO and Bartlett's Tests are comply with the research as the validity and reliability tests are done through the SPSS software using the circulated questionnaires to test the variables. Through the normality test, all variables were found to be normal and reliable. Through correlation analysis all independent variables; PP, PR, PM, PA were found to have a positive relationship with the dependent variable; Motivation. Multicollinearity test resulted regression model multicollinearity has a low severity. However through the 1st stage of regression model it was found that PP and PR were not significantly contribute to the model. Final regression model was run excluding the insignificant variables, PR and PM was found significant and R square for the model was obtained as 0.828. Therefore, it can be identified that there was only a 17.2 percent of unexplained variation in this model and 82.8 percent of employee motivation was explained by PA and PA.

$$E(Y_1 / X_{1i}, X_{2i}, X_{3i}) = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i}$$

E (Employee Motivation) = -0.143+0.648 (PA) + 0.379 (PM)

IMPLICATIONS

The observations of this study is limited to the selected company and to its newly introduced performance management mechanism. However as per the results of the study, most impact on employee motivation could be through performance assessment and performance monitoring. The company can improve these aspects by using an effective feedback method and transparent communication system on performance management, since positive comments and modes of appreciation of work leads to employee motivation through satisfied work place. More over the company can arrange proper training and development system as well as involve employee in management decision making.

KEYWORDS

Motivation, Performance Management, Performance Planning, Performance Review, Performance Assessment.

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