

The Impact of Performance Management on Employee Motivation and Engagement

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Abstract: At present, many enterprises are facing serious problems of brain drain, and the difficulty of talent introduction is relatively large. In order to solve these problems, enterprises should continuously optimize the employee incentive system according to their own conditions, and improve the employee engagement and satisfaction as much as possible, which is conducive to the sustainable and long-term development of enterprises. In order to improve employee engagement and satisfaction, some enterprises start from the direction of performance management, give full play to the role of performance management, and drive the enthusiasm of employees. Starting from performance management, this paper studies the impact of performance management on employee motivation and engagement. In the research, literature was consulted to understand the definition and importance of performance management. Combined with a Japanese electronics manufacturing company, this paper explored the impact of performance management on employee motivation and engagement based on the research model, and proposed corresponding performance management implementation measures, which could not only solve the problem of low performance management efficiency in the past, but also fully promote the enthusiasm of employees. The research results show that the correct understanding of the importance of performance management and reasonable use of performance management measures can effectively mobilize the enthusiasm of employees, and play an incentive role, and further improve the employee engagement.

1. Introduction

In modern enterprise management, performance management is not only the main means to evaluate employees' work results, but also an effective measure to motivate employees and enhance

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employee engagement. Scientific performance management can not only stimulate the internal motivation of employees, but also promote the enthusiasm and participation of employees, and improve the overall work efficiency and organizational benefits. In order to further exert the role of performance management, explore the impact of performance management on employee motivation and engagement, and then implement targeted optimization measures, it will help improve the efficiency of enterprise performance management and lay the foundation for the healthy and sustainable development of enterprises.

2. Performance management

2.1 Definition of performance management

Performance management, that is, by means of goal setting, performance measurement, feedback and other methods to fully stimulate the enthusiasm of employees, creativity, is a very efficient and conducive to the development of enterprise management means. Among them, goal setting refers to clarifying the specific goals and expected results that employees and teams should achieve, and providing guidance for the entire performance cycle. To measure performance, it means to make detailed work plans and schedules according to goals to ensure that work is carried out in an orderly manner, and then to understand employees' work performance and results based on regular evaluation to provide a favorable basis for feedback ^[1]. Providing feedback is the first time to feedback the performance evaluation results to employees, so that they can understand their own strengths and weaknesses, and make improvements. In addition to the above points, performance management also involves continuous monitoring, incentives and rewards. Continuous monitoring refers to the continuous tracking of employees' work progress and performance during the performance cycle to ensure that employees are moving in the right direction. Motivation and reward are material rewards and spiritual rewards to motivate employees to work and improve performance, which can enhance employees' sense of commitment to work.

2.2 Importance of performance management

2.2.1 Contributes to the formation of incentive mechanism

Due to the large differences in the ability, quality and work performance of employees, through the assessment of their work performance and efficiency, we can further distinguish the good and bad grades and build an incentive mechanism that conforms to the enterprise itself. In daily work, regular assessment of employees' performance and understanding of employees' work performance and mentality can help guide employees or restrict their behavior, lay the foundation for correct evaluation, and mobilize employees' enthusiasm and creativity.

2.2.2 Is conducive to the optimal allocation of human resources

Measuring employees' work behavior and results is the main way to check and restrict employees. The reasonable allocation of positions based on the performance appraisal results of employees, such as assigning important tasks to employees with strong ability and responsibility, and providing them with more training opportunities, is also a disguised reward for the work and performance of employees. With this approach, the cohesion of the enterprise can be improved and more talents can be retained ^[2]. With the development of economy and science and technology, talents have become the core of enterprise competition. Only based on the assessment results can we make scientific use of enterprise human resources and provide employees with opportunities to show their expertise.

3. Enterprise examples

This paper takes a Japanese electronics manufacturing enterprise as an example, which consists of one headquarters and three branches. Among them, because the first and second factories have their own market products, the enterprise has two profit centers, and the third factory is mainly responsible for the processing and production of electrical parts and circuit boards of the other two factories, which belongs to the principal center of the enterprise. The headquarters of the enterprise has a deputy general manager of production, mainly responsible for managing and coordinating the production and operation of the branch plant.

In order to standardize the modern enterprise management mechanism of the headquarters and build a more professional and high-quality staff team, the enterprise adopts self-motivation, restraint and other employment mechanisms, and implements performance assessment measures. Table 1 shows the quarterly assessment cycle of the enterprise.

Table 1: Quarterly assessment period

Assessment period	Determine the time of the examination form	Execution assessment time	Time of submitting the examination form
January, February, March	December 22-31	April 1-10	April 10-25
April, May, June	February 22nd-March 1st	July 1-10	July 10-25
July, August, September	June 22nd-30th	October 8-17	September 25th-30th
October, November, December	August 22-31	January 4-13	January 10-25 of the following year

4. Research on the impact of performance management on employee motivation and engagement

4.1 Research hypothesis

4.1.1 Hypothesis 1

The motivating factors of the employees involved management factors, salary and benefits, employee growth, work experience and so on. Among them, compensation and welfare refers to the material income of employees, such as monetary and non-monetary economic income, including basic salary and bonus. Safety factors are the methods and measures taken to prevent production accidents, such as safety education, safety technology and management. Work experience refers to what employees gain during their work, such as work achievements and work interests. Management factors refer to the scientific nature and implementation of the rules and mechanisms of enterprises. Employee growth represents the promotion of employees, whether the company pays attention to the long-term development of employees and other factors. Therefore, the first hypothesis of the study is that the incentive factors of the enterprise are composed of management factors, compensation and benefits.

4.1.2 Hypothesis 2

There are some differences among employees in the perception of motivation factors, employee engagement, satisfaction and loyalty. Usually, motivators are subject to many constraints while exerting their effects on employees. In this study, conditions (internal conditions + external

conditions) that affect employees' motivation needs and effects are regarded as control variables [3]. Through literature review, it is found that control variables will have an impact on motivating factors, but also affect the degree of motivation. Some scholars have found that the impact of promotion opportunities and job challenges on job satisfaction of employees in public sector is much greater than that in private enterprises. Therefore, employees of different units pay different attention to motivation factors.

The control variables that have an impact on employee motivation include external environment variables, such as employee working environment, regional differences, cultural background, etc. Internal environment variables, personal characteristics of employees, job nature, educational degree, etc. The control variables selected in this study are mainly internal environment variables, including gender, age and working years of employees.

4.2 Model Construction

Based on enterprise performance management, the research model of employee motivation is constructed, as shown in Figure 1. The model involves three parts, namely independent variables (employee motivation factors), dependent variables (employee engagement, satisfaction, etc.), and control variables (employee gender, age, etc.).

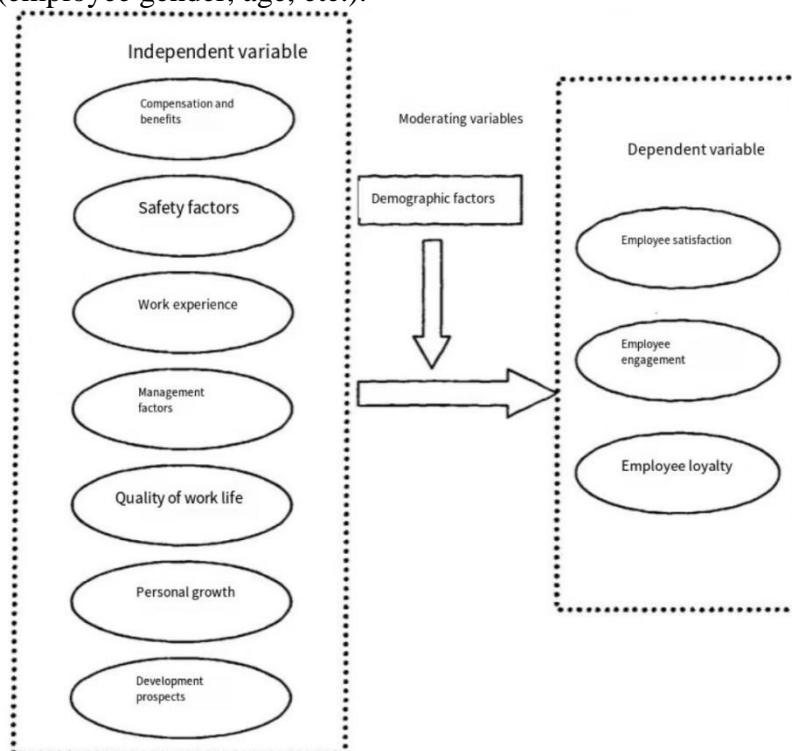


Figure 1: Studies the Model

4.3 Research Results

In order to improve the authenticity and feasibility of the study, some employees of the enterprise were interviewed to understand the situation of enterprise performance management and the needs of employees. Through the interview, it was found that the company faced a certain problem of brain drain, and some employees even said that they would choose to change jobs if they had the opportunity. The reason is that although the reward and punishment mechanism is implemented in the enterprise performance management, the reward elements are relatively simple,

and the punishment matters are too much, and the reward and punishment are disproportionate, which strikes the enthusiasm of employees to work to a certain extent. Although the proportion of highly educated graduates in enterprises is higher than before, compared with the original employees of enterprises, although enterprises have improved the recruitment treatment, they still cannot get rid of the difficulty of recruitment and retention ^[4]. At the same time, some employees think that the current performance management and incentive system of the enterprise is not perfect enough to play the incentive role, and hope that the enterprise can pay attention to this problem and improve the mechanism according to the situation. By combining the incentive means of the enterprise and the needs of the employees, it is found that the incentive factors of the enterprise employees include welfare, bonus, safety, interpersonal relationship, promotion opportunity, etc., which are consistent with the incentive factors in Figure 1. However, due to the lack of performance management and incentive, the incentive and engagement of employees are affected to a certain extent. It can be seen that performance management has a great impact on employee motivation, engagement, satisfaction, etc. If the performance management measures adopted by the enterprise are not scientific, it is likely to affect the enthusiasm of employees and even increase the staff turnover rate of the enterprise.

5. Implementation countermeasures of performance management

In combination with the above research, to remember the role of motivating employees and improving employee engagement, enterprises should implement reasonable measures according to their own and employee situations to ensure the effect of performance management.

5.1 Performance management system evaluation

At present, many enterprises have understood the key role of performance management, and established the corresponding performance management system. However, due to the size of the enterprise, the degree of growth, the characteristics of the industry and the ability and quality of the leadership, there is a large gap between the performance management systems of various enterprises. Some enterprises focus on the evaluation of performance, especially the evaluation of employees, whose goal is to solve the problem of salary distribution; Others pay more attention to performance improvement and look to performance management systems to improve the performance of managers, employees and teams. Some companies are able to successfully blend the two, improving performance on the one hand, but also evaluating performance on the other hand, and using the data obtained from the evaluation to make human resources decisions such as salary adjustments, raises, promotions, and downgrades. Therefore, the performance management systems developed and adopted by different enterprises are different. After referring to many excellent enterprise performance evaluation models, it is found that the implementation of an enterprise performance management system needs to pay attention to the following aspects: setting strategic goals, clarifying responsibilities, standardizing management steps, conducting effective performance talks, feedback on performance, using results, evaluating and improving.

5.2 Construction of performance management system

Taking strategic objectives, role division and management process as examples, the construction of performance management system is further analyzed.

5.2.1 Define strategic objectives

Without strategic support, performance management will lose its foundation and it will be

difficult to show its effectiveness. The purpose of performance management is to help enterprises dismantle and implement their strategic objectives, which is also the core objective of performance management. The construction of strategic objectives is based on the starting point and landing point of performance management. Enterprises should not only set strategic objectives, but also refine them into business plans for each year. At the same time, the goal decomposition technology and tools of performance management are used to refine the goal into the performance goal of each department, and then implement it to every employee to form the core performance indicator of employees. Therefore, to evaluate the effectiveness of an enterprise's performance management system, it is necessary to observe the specificity and clarity of its strategic objectives, and these objectives should be understood and mastered by the leaders of the enterprise. In addition, we should also pay attention to the implementation of the target, so as to avoid the unreasonable and ineffective performance system.

5.2.2 Division of performance roles

For enterprises that fail to carry out effective performance management, it is often impossible to properly arrange the responsibilities of employees in performance management, which makes the implementation process become formalized and only stay on the surface. Therefore, it is necessary to regard the division of roles as a key task for performance evaluation. Practice has proved that both senior executives and ordinary employees are usually not very clear about their responsibilities in performance management, and they are not clear about what should be done and how to do it. Therefore, many managers and employees often appear passive in the performance evaluation process, which often requires the supervision of the human resources department, and sometimes even the coordination of the senior management of the enterprise. No matter which work to carry out, the first step is a reasonable division of labor, and then combined with the division of labor to clarify the work rules, only to do these work, in order to strengthen the understanding of employees, in order to more efficient and smooth work. Under normal circumstances, the roles of managers and employees in enterprise performance management can be divided into four levels, namely, enterprise manager, personnel manager, first-line manager and employee.

5.2.3 Performance management process

The performance evaluation mechanism of many enterprises usually only focuses on performance evaluation and does not elevate it to the level of business process. Determining the success of a performance evaluation mechanism should be based on the optimization of its business processes. Only with a comprehensive business process can the business of a business assessment agency really play its role. Therefore, an efficient performance management system needs to follow specific processes, as illustrated by the PDCA cycle. The PDCA cycle originally originated from the American quality management expert Deming, so it is also called the Deming ring. The meaning of PDCA includes: P (Plan) - plan, D (Do) - execution, C (Check) - review, and A (Action) - action. It will make corresponding adjustments according to the results of the audit and evaluation, and will recognize the achievements and popularize and standardize them; The failure experience will be summarized and summarized, and the problems to be solved can be placed in the next PDCA cycle. These four steps are not executed once and then terminated; instead, they can be repeated continuously, with each loop eliminating some of the problems and the rest moving on to the next step, forming a progressively increasing loop. The PCDA cycle is essentially a logical process that performs all tasks efficiently, especially when it comes to performance management. Figure 2 is a PDCA cycle diagram of performance management.

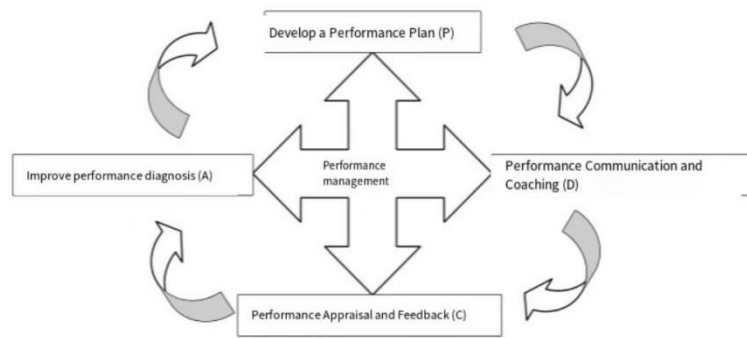


Figure 2: Performance management PDCA cycle

5.3 Measures related to performance management

First, define performance goals. Defining specific performance goals is the first step to improving employee engagement. Goal setting should be closely linked to the overall strategy of the company and employee responsibilities to ensure that employees are clear about their work direction and expected results. The setting of this goal can not only provide a clear work direction, but also stimulate the initiative and creativity of employees ^[5]. Secondly, establish a fair incentive system. Establishing a fair and transparent incentive system is the key to improving employee engagement. Employees should be rewarded for their efforts and contributions. The incentive system should take into account the performance, ability and potential of the employee to ensure that the reward matches the effort. At the same time, the incentive system should be transparent, so that employees understand the criteria and process of rewards, so as to enhance trust. Furthermore, it provides opportunities for development ^[6]. Employees are eager to continue to grow and improve at work, so providing development opportunities is an important measure to improve employee engagement. Enterprises can provide employees with a platform for learning and growth through training, career planning, job rotation, etc. These opportunities can not only enhance employees' skills and knowledge, but also enhance their sense of belonging and loyalty to the company. Finally, cultivate corporate culture. A positive corporate culture has an important impact on employee engagement. Enterprises should cultivate a corporate culture that encourages innovation, respects employees, and strives for excellence. Companies can inspire a sense of purpose and pride in their employees by promoting the right values and codes of conduct. This kind of corporate culture can make employees feel their value and meaning in the organization, thereby increasing their enthusiasm and professionalism. ^[7-9]

6. Conclusion

All in all, performance management plays a vital role in motivating employees and enhancing their engagement. By clarifying goals and setting up reward mechanisms, we can better play the role of performance management, stimulate the motivation and enthusiasm of employees, and improve their job satisfaction, which can promote the overall efficiency and efficiency to a large extent. Therefore, enterprises should pay attention to the design and implementation of performance management to ensure that it can play a full role and lay the foundation for the long-term development of enterprises.

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