



Research on Employee Job Satisfaction Caused by Performance Management System

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Abstract: Performance management system is a key component of organizational management, which has a significant impact on employees' job satisfaction. Through the literature review, this study explored the theoretical basis of the performance management system, mainly including management by objectives theory, expectation theory, and the balanced scorecard. Performance management can improve employees' job satisfaction by clarifying goal setting, fair performance evaluation, effective feedback mechanism and reasonable reward system. This paper further puts forward the strategy of optimizing the performance management system, and is committed to providing theoretical support and practical guidance for enterprises to develop more effective management methods.

Keywords: performance management system; job satisfaction; performance evaluation

1. Introduction

Performance management system plays a vital role in modern organizational management. Its theoretical basis covers the views of various management schools, such as management by objectives theory, expectation theory and balanced scorecard, which deeply discuss organizational performance and employee satisfaction through different perspectives. A scientific and effective performance management system can clarify the work direction and responsibilities of employees, provide fair performance evaluation, timely feedback of work performance, and enhance the work motivation of employees through a reasonable incentive mechanism, so as to significantly improve the job satisfaction of employees. Studying how to optimize the performance management system to better meet the needs of employees and improve their satisfaction is an important topic in management research today.

2. Literature review

2.1 The theoretical basis of the performance management system

Performance management system is a key part of organizational management, and its theoretical basis can be traced back to the views and methods of various management schools. The main theoretical schools include management by objectives theory (Management by Objectives, MBO), expectation theory (Expectancy Theory), and balanced scorecard (Balanced Scorecard, BSC).

The ME theory was developed by Peter Drucker to driving employee job performance by setting clear, quantifiable goals. Under this theory, the core of the performance management system is to decompose the strategic goals of the organization into individual specific tasks, so that each employee can clarify their own work direction and responsibilities, so as to improve work efficiency and performance.

The expectation theory was proposed by Victor Froum, based on employees' expectations of their abilities and work, and how much they value the outcome of their work. According to the expectation theory, the performance management system needs to meet the needs of the employees through the incentive mechanism, so as to improve their work motivation and performance performance.

The BSC is an integrated management tool, proposed by Robert Kaplan and David Norton. It not only focuses on financial indicators, but also includes four performance indicators for customers, internal processes, and learning and growth. The BSC emphasizes comprehensively evaluating and improving organizational performance in multiple dimensions to achieve long-term sustainable development.

The core elements of performance management mainly include goal setting, performance evaluation, feedback and improvement, reward and incentive, and so on. Goal setting is the starting point of performance management, guiding employees' behavior and direction through clear goals. Performance evaluation is an objective evaluation of actual work

performance, usually combining quantitative indicators and qualitative analysis; feedback and improvement are regular communication and guidance to enhance motivation and satisfaction through material and spiritual rewards.

2.2 The relationship between performance management and employees' job satisfaction

The influence of performance management system on employee job satisfaction has always been the focus of researchers. The existing research results show that a scientific and effective performance management system can significantly improve employees' job satisfaction, while unreasonable performance management may lead to the dissatisfaction and loss of employees.

First of all, clear goal setting helps employees understand their work direction and responsibilities, reduce confusion and uncertainty in work, and thus improve job satisfaction. Secondly, fair and objective performance evaluation can enhance employees' trust and sense of belonging to the organization, and reduce the negative emotions caused by unfair performance evaluation. In addition, timely and effective feedback and guidance can help employees find and improve their own shortcomings, improve their work ability and performance, thus increasing their sense of achievement and satisfaction[1].

However, there are some differences in the influence of various aspects of the performance management system on employee job satisfaction. Some studies identify material rewards and promotion opportunities in performance management systems as key factors affecting employee satisfaction, while others emphasize the importance of spiritual rewards and personal growth. For example, some studies show that while material rewards can improve employee satisfaction in the short term, in the long term, employees focus more on career development opportunities and self-fulfillment in work.

In general, the impact of the performance management system on employee job satisfaction is multifaceted, involving material and spiritual incentives, the clarity of work objectives and responsibilities, impartial performance evaluation, and effective feedback and guidance. Future studies could further explore the differential impact of performance management systems on employee satisfaction in different cultural and industry contexts, in order to provide theoretical support and practical guidance for enterprises to develop more effective performance management strategies.

3. Optimization strategy of performance management system to improve employee job satisfaction

3.1 Goal setting

Clear and reasonable goal setting is the basis of performance management. First, the objectives should conform to the SMART principles, namely specific (Specific), measurable (Measurable), attainable (Achievable), correlation (Relevant), and time-limited (Time-bound). Specific goals can clearly define the work tasks of employees, to avoid the confusion and confusion caused by ambiguity. Measurable goals enable an objective evaluation of employee performance by quantitative criteria. The achievability and relevance of the goals ensure that they are both challenging and not too stressful. Setting a clear time period can motivate employees to complete their tasks in a planned way.

In addition, goal setting should focus on the employees' sense of participation. Participating employees in the goal setting process can not only improve the rationality and feasibility of the goal, but also enhance the sense of responsibility and motivation of employees. By discussing and confirming goals with employees, employees can help to better understand the strategic intentions of the organization and effectively combine personal goals with organizational goals[2].

3.2 Performance evaluation

Scientific and fair performance evaluation is the key to improving employees' job satisfaction. Performance evaluation should adopt multi-dimensional and multi-channel evaluation methods to avoid the injustice caused by a single evaluation standard. First, quantitative indicators and qualitative analysis can be combined to comprehensively evaluate employee performance through specific data and facts. Secondly, the 360-degree evaluation method was introduced to fully understand the work performance and ability of employees through the feedback from superiors, peers, subordinates and customers.

3.3 Feedback mechanism

The feedback mechanism should focus on the frequency and quality of communication. Conduct regular performance interviews and help employees to understand the evaluation results and improvement direction through face-to-face communication. At the same time, employees should be encouraged to actively feedback problems and suggestions in work to form a benign two-way communication mechanism. By timely responding to employees' feedback, it shows the importance the organization attaches to employees' opinions, and enhances the sense of belonging and satisfaction of employees[3].

3.4 Reward system

Reasonable reward system is an important incentive means to improve employees' job satisfaction. The reward system should include both material reward and spiritual reward. Material rewards, such as bonuses, higher salaries, welfare, etc., can directly meet the economic needs of employees and improve the quality of life. Spiritual awards, such as commendations, honorary titles, promotion opportunities, etc., can meet employees' self-esteem needs and sense of achievement, and enhance their work motivation and satisfaction.

4. Conclusion

The impact of the performance management system on employees' job satisfaction is multifaceted, including material and spiritual motivation, the clarity of work objectives and responsibilities, fair performance evaluation, and effective feedback and guidance. Reasonable goal setting, fair job evaluation, timely and effective feedback mechanism and reasonable reward system are the key strategies to improve employees' job satisfaction. Future studies can further explore the differential impact of performance management systems on employee satisfaction in different cultures and industry backgrounds, and provide theoretical support and practical guidance for enterprises to develop more effective performance management strategies.

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