“Performance evaluation systems and its impact on employee motivation at SNL Financial, Pakistan.”

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A research project submitted in partial fulfillment of the requirement for the degree of MBA

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2014

ABSTRACT

The main idea of this research is to observe and examine the in/effectiveness of the current evaluation system and to study the relationship between performance evaluation system and employee motivation. Study also determines the impact of various factors of evaluation system on the motivation level of employees.

Performance evaluation system is a systematic method looking into the following steps; set up performance standards, communicating these expectations to employees, measuring actual performance, comparing actual performance of an employee with the set benchmarks and timely and accurate feedback on the performance and results.

The aim of the research is to highlight the impact that evaluation systems have on employee motivation, for this purpose research will utilize tools like data collection, analysis and interpretation to come up with a better understanding of this phenomenon. Performance evaluation system is studied through three dimensions; goals setting, evaluation method used and performance feedback. While employee motivation is studied by applying Herzberg's two-factor theory.

For this purpose SNL Financials was chosen. It is a quantitative research conducted with the help of a closed-ended structured questionnaire, to gather information from a sample of 50 employees. Correlation and regression analysis was carried out with the help of SPSS 21 showing a positive relation between the two variables. The analysis revealed that the evaluation system followed by SNL is ineffective, leading to a decrease in the motivation level of employees. Consequently research examined which aspects of the evaluation system have significantly influenced employee motivation. As a result of which recommendations were put forward to overcome the flaws in the current forced distribution system by the introduction of an absolute measuring method. Implications and future research directions serves as a spring board for the researchers for further and detailed research covering more variables and constructs of performance evaluation systems and its various outcomes.

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