



# The Impact of Performance Management and Empowering Leadership on Personal Motivation

## A Study Case of Salesforce Performance in Retail Market

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**Abstract.** The Covid-19 pandemic has brought the world into a new era that has demanded changes in various sectors, including the management of salesforces in retail stores. Due to the pandemic, changes in consumers' habits have raised challenges for salesforce management to increase its salesforces' personal motivation to encourage optimal work behavior. This study aims to identify the impact of performance management and empowering leadership on constructing the personal motivation of the salesforces in the retail market. The survey of this research was conducted on 223 salesforces from various sectors, such as food & beverages, personal care, home care, etc., in East Java, Indonesia. The data obtained in this study were discussed in two parts, the first is a descriptive analysis, and the second is an analysis of the relationship between concepts. This study reveals that performance management and empowering leadership directly and significantly affect the personal motivation of the salesforces in the retail market.

**Keywords:** Performance management · empowering leadership · personal motivation

## 1 Introduction

In the increasingly fierce competition, a promotion strategy is one factor that determines the success of business sustainability. One of the promotion strategies commonly implemented in the business world is a personal selling strategy. The strategy mentioned above is widely applied by various companies, one of which is the placement of salesforces in many retail stores to increase the sales of the company's products.

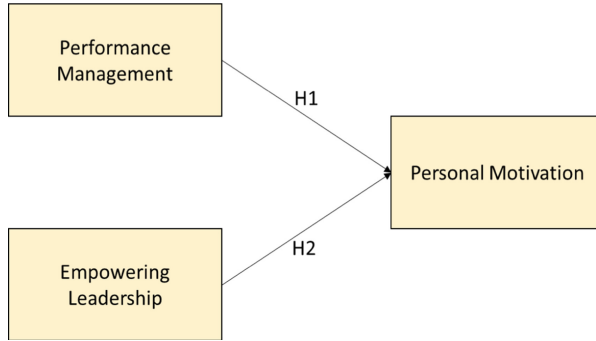
The Covid-19 pandemic is one of the factors that has caused many companies to question the effectiveness of the personal selling strategy through the salesforce. The pandemic has been spreading since early March 2020 in Indonesia and has encouraged people to live a stay at home' lifestyle [1]. The emergence of this phenomenon has shifted consumers to shop online. The phenomenon of changing the way of shopping indeed can reduce the number of visitors who directly shop at retail stores. This phenomenon also can increase unemployment, which will negatively impact the national economy.

To deal with this phenomenon, the company's management needs to evaluate the implementation of its strategy. One strategy that can be implemented as a means for companies to build direct relationships is the personal selling strategy. This dilemma encourages the company's management to be agile learners. Increasing the company management's understanding of various factors that may improve the salesforces' performance is very important to provide the best solution in increasing the effectiveness of the salesforces placed in retail stores. One of the theories related to efforts to improve employees' performance is the self-determination theory. Self-determination theory offers an evidence-based framework to company management on how to motivate employees effectively [2]. Based on this theory, humans have three psychological needs: autonomy, competence, and attachment, which needed to construct motivation that encourages optimal work behavior [3]. Thus, studying to dive into the various factors that can increase the salesforces' work motivation is necessary.

In an effort to drive an increase in the salesforces' work motivation, there are two dimensions of manageable management roles, namely performance management and social support [4]. One of the types considered capable of providing social support for its members is empowering leadership [5]. According to the various theories presented above, this research then aims to analyze the impact of performance management and empowering leadership on the construction of the personal motivation of the salesforces in retail shops.

In an effort to create an organization's competitive excellence, it is necessary to fulfill the salesforces' basic needs to encourage them to construct personal motivation in performing their work responsibilities [6]. Personal motivation refers to the inner strength that encourages individuals to expend effort in performing works [7]. Various studies indicate that motivated employees can act as engines for marketers to acquire, use, and share explicit knowledge about customers, products/services, and markets to meet customers' expectations. Higher motivation would encourage employees' willingness to acquire new knowledge and learn in the workplace [8]. More motivated employees could help companies to create organizational value [9].

One of the influencing factors in encouraging the construction of personal motivation is the performance management applied by the company. Performance management can be defined as an integrated human resource management process in setting goals, assessing, reviewing, and encouraging employees to create a company's competitive excellence [10]. The company management needs to make decisions related to salesforce planning through performance management, including determining goal setting, financial reward structures, training, monitoring, and evaluation [11]. An example of sales performance management implementations that are closely related to the construction of salesforces' motivation is the policy on financial rewards determination. Each different financial reward policy will undoubtedly have a different impact on employee motivation. For example, implementing an achievement-based reward system allows employees to be more motivated, seek more opportunities, and work harder because they see that their efforts lead to clear rewards [12]. Based on the relationship between sales performance management and the salesforces' personal motivation, the following research hypothesis is generated:



**Fig. 1.** Research Model.

H1: Performance management has a significant influence on salesforce's personal motivation.

In addition to performance management, social support is stated as another factor that drives the motivation increase [4]. One leadership type considered capable of providing social support for its members is empowering leadership [5]. Empowering leadership can generate employees' four cognitions of psychological conditions: meaning, competition, self-determination, and impact [13]. Empowering leadership impacts increasing the level of motivation for everyone involved [14]. Empowering leadership also allows organization members to feel more meaningful; thus, it may increase employees' motivation to make some efforts to help the organization or company in achieving its goals effectively and efficiently [5]. Based on the relationship between empowering leadership and personal motivation from such studies, the following research hypothesis is generated:

H2: Empowering leadership has a significant influence on salesforce's personal motivation.

The Fig. 1 is the model of this research:

## 2 Research Methods

This study is quantitative research. The target population of this study was salesforces working in East Java retail stores. The sampling method used in this research was non-probability sampling with purposive sampling technique, where research samples were selected based on certain predetermined criteria: salesforces are still actively working, based in the East Java area, and working for sales promotion of foods & beverages, home care, or personal care products in retail stores [14].

Primary data was obtained through an online survey in the form of a questionnaire filled by the respondents via Google Form. Through the distributed online questionnaire, each respondent was instructed to fill in the 5-point Likert scale, ranging from

1 (Strongly Disagree) to 5 (Strongly Agree) for the variables of performance management, empowering leadership, and personal motivation. Furthermore, the primary data collected was processed using Smart PLS software [15].

The performance management variable in this study is defined operationally as an integrated salesforce management process in setting goals, assessing, reviewing, and motivating salesforces to create a company's competitive excellence [10]. Furthermore, the empirical indicators used in this performance management variable were as follows [11]:

PM1. The company sets performance targets that are understandable for salesforces.

PM2. The company establishes a benefit structure in line with the salesforces' expectations.

PM3. The company provides valuable training for salesforces.

PM4. The company optimally conducts salesforces' performance monitoring process.

PM5. The company optimally evaluates the salesforces' performance. The empowering leadership variable in this study is defined operationally as a form of leadership characterized by the division of authorization by the company management to encourage salesforces to have decision-making autonomy and participate in voicing opinions; thus, salesforces can foster a sense of ownership over their roles and work results [14]. Besides, the empirical indicators used in this empowering leadership variable were four cognitions of employee psychological conditions, including meaning, competence, self-determination, and impact [15]. Empirical indicators of empowering leadership variables used in this study were:

EL1. The leader encourages salesforces to feel meaningful in their work.

EL2. The leader encourages salesforces competency improvement as needed.

EL3. The leader provides autonomy or freedom for salesforces in performing their work responsibilities.

EL4. The leader supports various salesforces' inputs that may positively impact the company.

Then, the personal motivation variable in this study is defined operationally as a form of energy strength within the salesforces and is influenced by the work environment, which encourages salesforces to expend efforts to improve their performance [7]. Furthermore, the empirical indicators used in this personal motivation variable were as follows [7]:

PMTV1. The salesforce enjoys the work they do.

PMTV2. The salesforce feels that they are the company's representatives.

PMTV3. The salesforce feels capable of fulfilling all their job responsibilities.

PMTV4. The salesforce doesn't mind performing a particular task, even if it involves extra effort to complete that task.

### 3 Results and Discussion

The results of the analysis of the relationship between concepts in this study are shown in Table 1.

**Table 1.** Path Analysis Results

Path Model	Path Coefficient	t statistics	p values	Results
PM $\rightarrow$ PMTV	0.452	5.775	0.000	H1 is approved
EL $\rightarrow$ PMTV	0.432	5.249	0.000	H2 is approved

Based on the significance test results on the relationship between performance management and personal motivation variables, it is found that performance management has a significant impact on the construction of salesforces' personal motivation. This aligns with previous research, which stated that performance management is a process of assessing, monitoring, and motivating employees to achieve performance goals [10]. Most research efforts related to performance management, precisely the salesforce, have focused on sales and behavioral performances from both motivational and control perspectives [16]. Previous research also stated that one of the most influential factors on sales performance is the personal element, including role perceptions, talents, skill levels, and motivation levels [17].

One example of the performance management implementation, which is quite closely related to the construction of salesforces' motivation, is the policy on financial rewards determination. Each company must have a different financial reward policy tailored to the company's strategy. Each different financial reward policy will undoubtedly have a different impact on employee motivation. For example, implementing an achievement-based reward system allows employees to be more motivated, seek more opportunities, and work harder because they see that their efforts lead to clear rewards [13]. Another example of the performance management implementation that also impacts motivation is the goal-setting stage, where the goals set by management are usually used to motivate and direct sales efforts and provide the basis for performance standards. In addition, a series of training, monitoring, and evaluation systems in performance management are also encouraged to construct salesforces' motivation to work better.

Furthermore, based on the significance test results on the relationship between the empowering leadership and the personal motivation variables, it is also found that the empowering leadership variable has a significant impact on the construction of salesforces' personal motivation. It is in accordance with the statement of previous research, which stated that empowering leadership allows organization members to feel more meaningful; thus, it increases employees' motivation [5]. Empowering leadership can increase motivation for all organization members involved [14].

The influence of empowering leadership on the construction of salesforces' personal motivation is also evidenced by the characteristics of the four cognitions of psychological conditions created by empowering leadership, which include meaning, competence, self-determination, and impact [14]. These four cognitions of psychological conditions will encourage salesforces to understand the importance of their positions within the team, involve team members in the decision-making process, and instill self-confidence; thus, the increase in salesforces' personal motivation can be realized [15].

## 4 Conclusion

This study concludes that performance management and empowering leadership are two variables that directly and significantly affect the personal motivation of the salesforces in the retail market. This study confirms the self-determination theory, which states that humans have three psychological needs consisting of autonomy, competence, and attachment, which are the matters needed to construct motivation [3]. There are two types of motivation, namely autonomous and controlled motivation [2]. The empowering leadership implementation will produce an autonomous type of motivation that encourages specific behavior determined by each individual. Meanwhile, the performance management implementation within a company will produce a controlled motivation that may promote the determined contingent behavior. This study indicates that these two types of motivation are equally needed; thus, they need to be harmonized for salesforces.

The results of this study provide managerial input that the company's management needs to encourage the involvement of salesforces in developing a performance management system, so the system could assist in constructing salesforces' personal motivation. One example is determining the employees' wage structure. In determining the wage structure, the company's management needs to benchmark companies operating in similar industry categories to ensure that the set wage structure can construct salesforces' motivation.

Moreover, companies also need to encourage the creation of empowering leadership forms for each leader by developing an open and participatory organizational culture, so it can be an umbrella that unites all company members with the same values, assumptions, habits, and beliefs. In an effort to construct salesforces' personal motivation, leadership in company management also needs to encourage the interpersonal relationships between management and salesforces. One of the procedures to create interpersonal relationships is a mentoring program that is commonly conducted. Companies can prepare this mentoring program to support salesforces to continue to grow.

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