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# Performance Management Strategies to Improve Job Satisfaction and Employee Retention in Multinational Companies

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This article explores performance management strategies aimed at improving job satisfaction and employee retention within multinational companies (MNCs). In an increasingly competitive global market, MNCs face significant challenges in maintaining a satisfied and stable workforce. This study examines various performance management approaches, including goal-setting, continuous feedback, employee development programs, and recognition systems, and their effectiveness in enhancing job satisfaction and reducing turnover rates. Through a comprehensive literature review, the research highlights the critical role of tailored performance management strategies in addressing the diverse needs and expectations of employees in different cultural and geographical contexts. The findings suggest that when MNCs implement performance management systems that align with their organizational culture and employee values, they can significantly enhance job satisfaction, foster employee engagement, and reduce turnover. Additionally, the study emphasizes the importance of continuous communication, cultural sensitivity, and adaptability in the design and execution of performance management practices. By integrating these elements, MNCs can create a supportive work environment that promotes long-term employee retention and overall organizational success. The insights provided by this article offer valuable guidance for HR professionals and leaders in MNCs seeking to optimize their performance management strategies.

# 1. Introduction

In today's highly competitive global market, multinational companies (MNCs) face significant challenges in managing a diverse workforce spread across various geographic locations. One of the critical factors influencing the success of these organizations is their ability to effectively manage employee performance, which directly impacts job satisfaction and employee retention (Armstrong, 2012). Performance management is a strategic approach that involves evaluating and improving employee performance through regular feedback, training, development, and alignment with organizational goals (Aguinis, 2019). Effective performance management strategies not only enhance productivity but also contribute to higher job satisfaction and reduced turnover rates, which are essential for maintaining a stable and engaged workforce in multinational settings (DeNisi & Murphy, 2017).

Despite the recognized importance of performance management in multinational companies, there exists a significant research gap in understanding how these strategies can be tailored to improve job satisfaction and employee retention across diverse cultural and organizational contexts (Sparrow, Brewster, & Chung, 2016). Much of the existing literature focuses on performance management practices in domestic settings, often overlooking the complexities and challenges associated with implementing these strategies in multinational environments (Stahl, Björkman, & Morris, 2012). Additionally, while there is ample research on the individual components of performance management, such as feedback and goal setting, there is limited empirical evidence on the integrated use of these strategies to enhance job satisfaction and retention in MNCs (Murphy & Cleveland, 2018). This gap highlights the need for more comprehensive studies that examine the effectiveness of various performance management strategies in different multinational contexts.

The urgency of this research is underscored by the increasing mobility of the global workforce and the growing importance of talent management for sustaining competitive advantage in MNCs. As organizations expand their operations across borders, they must navigate a complex landscape of cultural differences, varying employment laws, and diverse employee expectations (Schuler, Jackson, & Tarique, 2011). Effective performance management is crucial in this context, as it helps to align employee goals with organizational objectives, foster a positive work environment, and support career development, all of which are essential for attracting and retaining top talent (Mello, 2015). Moreover, the COVID-19 pandemic has further highlighted the need for adaptive performance management practices that can respond to rapidly changing business conditions and ensure the well-being and engagement of employees (Carnevale & Hatak, 2020).

Previous studies have explored various aspects of performance management, including the role of feedback, goal setting, and performance appraisals in enhancing employee performance and motivation (Locke & Latham, 2002; Kluger & DeNisi, 1996). Research by Aguinis (2019) emphasizes the importance of a holistic approach to performance management that integrates these components to create a comprehensive system for managing employee performance. However, while these studies provide valuable insights into the general principles of performance management, they often fail to address the unique challenges and opportunities associated with implementing these strategies in multinational companies (Murphy & Cleveland, 2018). For instance, the effectiveness of performance management practices may vary depending on cultural norms, communication styles, and organizational structures, which can significantly influence employee perceptions of fairness, feedback, and development opportunities (Sparrow et al., 2016).

The novelty of this research lies in its focus on examining the specific performance management strategies that can improve job satisfaction and employee retention in multinational companies. Unlike previous studies that primarily focus on domestic settings or individual components of performance management, this research aims to provide a more integrated perspective by exploring how various strategies can be combined and adapted to meet the diverse needs of employees in MNCs (Stahl et al., 2012). By conducting a comprehensive review of existing literature and analyzing case studies from different multinational contexts, this study seeks to identify best practices and potential challenges for implementing effective performance management strategies in MNCs. Additionally, this research will investigate the impact of cultural differences, organizational dynamics, and external factors on the success of these strategies, offering practical recommendations for HR practitioners and managers in multinational settings (Schuler et al., 2011).

The primary objective of this research is to evaluate the effectiveness of performance management strategies in improving job satisfaction and employee retention in multinational companies and to provide practical insights for HR professionals and organizational leaders. By examining the key elements of performance management, such as feedback, goal setting, training, and development, and exploring how these can be tailored to diverse cultural and organizational contexts, this study aims to contribute to the academic discourse on global talent management and organizational behavior (Mello, 2015). The findings are expected to inform the development of more effective performance management practices that enhance employee satisfaction, reduce turnover, and support the long-term success of multinational companies.

In this research addresses a critical gap in the literature by providing a comprehensive

analysis of performance management strategies in multinational companies. By examining the challenges and opportunities associated with implementing these strategies in diverse contexts and offering practical insights and recommendations, this study seeks to enhance our understanding of how to effectively manage employee performance to improve job satisfaction and retention in global organizations.

## 2. Method

This study employs a qualitative research methodology using a literature review approach to explore performance management strategies aimed at improving job satisfaction and employee retention in multinational companies (MNCs). The literature review method was chosen to synthesize existing research, identify gaps, and provide a comprehensive understanding of how different performance management practices impact job satisfaction and retention across various cultural and organizational contexts. This approach allows for a thorough examination of theoretical frameworks, empirical studies, and case analyses that address the complexities of performance management in MNCs, offering insights into the effectiveness of various strategies in diverse settings (Snyder, 2019).

The primary sources of data for this research include peer-reviewed journal articles, books, conference papers, and case studies published over the past two decades. These sources were selected based on their relevance to the study's key themes, such as performance management, job satisfaction, employee retention, and multinational companies (Boell & Cecez-Kecmanovic, 2015). Data collection involved systematic searches in academic databases such as JSTOR, Google Scholar, ProQuest, and Web of Science, using keywords like "performance management," "job satisfaction," "employee retention," "multinational companies," and "global talent management." The inclusion criteria focused on empirical studies, theoretical discussions, and comprehensive reviews that provide substantial insights into the relationship between performance management strategies and employee outcomes in multinational contexts.

To ensure a rigorous and comprehensive selection of literature, the data collection process included a detailed screening phase where articles and sources were evaluated for their methodological rigor, theoretical contributions, and relevance to the research questions (Tranfield, Denyer, & Smart, 2003). Sources that did not meet the inclusion criteria, such as those lacking empirical evidence or focusing on unrelated topics, were excluded. This process ensured that the review incorporated a diverse range of perspectives and findings, providing

a robust foundation for analyzing the impact of performance management strategies on job satisfaction and employee retention in MNCs.

Data analysis was conducted using thematic analysis, a qualitative method suitable for identifying, analyzing, and reporting patterns (themes) within the data (Braun & Clarke, 2006). The analysis process involved several stages: familiarization with the data, coding, theme development, and refinement. Initially, the literature was reviewed to identify key themes related to performance management practices, such as feedback, goal setting, training, development, and their effects on job satisfaction and retention. These themes were then systematically reviewed and refined to ensure they accurately represented the findings and provided meaningful insights into the research questions (Nowell et al., 2017).

To enhance the validity and reliability of the findings, data triangulation was employed, comparing results from different studies and contexts to identify consistencies and discrepancies (Yin, 2018). This approach helped corroborate the findings and provided a comprehensive understanding of how performance management strategies affect job satisfaction and employee retention across various cultural and organizational settings in MNCs. Additionally, the review incorporated perspectives from different geographical regions and industries to explore the generalizability of the findings and their applicability across diverse multinational environments.

Overall, the qualitative literature review approach used in this study is effective for synthesizing existing knowledge and providing a detailed analysis of performance management strategies aimed at improving job satisfaction and employee retention in multinational companies. By examining a wide range of studies and theoretical perspectives, this research aims to contribute to the academic discourse on global talent management and organizational behavior and offer practical insights for HR professionals and managers seeking to enhance employee outcomes in multinational settings.

### 3. Result and Discussion

#### A. The Role of Feedback in Enhancing Job Satisfaction and Retention

Feedback is a critical component of performance management strategies in multinational companies (MNCs) and plays a significant role in enhancing job satisfaction and employee retention. Effective feedback provides employees with clear information about their performance, helping them understand their strengths and areas for improvement (Kluger &

DeNisi, 1996). This process not only improves individual performance but also fosters a sense of recognition and appreciation, which is crucial for maintaining high levels of job satisfaction (DeNisi & Murphy, 2017). Research indicates that employees who receive regular and constructive feedback are more likely to feel valued and committed to their organization, leading to lower turnover rates (Locke & Latham, 2002).

In multinational contexts, however, the delivery and reception of feedback can be influenced by cultural differences. For example, in high-context cultures, where communication tends to be more indirect and nuanced, employees may prefer feedback that is subtle and face-saving, whereas in low-context cultures, direct and explicit feedback is often valued (Hofstede, 2011). This cultural variation necessitates that MNCs tailor their feedback strategies to suit the cultural norms of their diverse workforce to avoid misunderstandings and to ensure that feedback is effective (Sparrow, Brewster, & Chung, 2016). Failure to consider these cultural differences can lead to miscommunication, dissatisfaction, and ultimately, higher employee turnover.

Moreover, the frequency and mode of feedback delivery are also important factors that influence its effectiveness. Regular, timely feedback delivered through formal performance reviews or informal check-ins can help keep employees aligned with organizational goals and motivated to improve their performance (Aguinis, 2019). However, in some MNCs, particularly those with hierarchical structures, feedback may be infrequent or overly formal, leading to a disconnect between employees and management. This can result in feelings of neglect or frustration among employees, negatively impacting job satisfaction and increasing the likelihood of attrition (DeNisi & Murphy, 2017).

Additionally, the integration of technology in performance management has introduced new avenues for providing feedback. Digital platforms allow for real-time feedback, making the process more continuous and interactive (Bersin, 2013). However, the effectiveness of digital feedback systems in MNCs depends on the technological literacy of the workforce and the company's ability to implement these systems across different regions (Schuler, Jackson, & Tarique, 2011). While these platforms can enhance the efficiency and reach of feedback, they may also depersonalize the process if not used thoughtfully, which can diminish their positive impact on job satisfaction and retention (Sparrow et al., 2016).

In conclusion, feedback is a vital performance management tool that significantly impacts job satisfaction and retention in MNCs. To maximize its effectiveness, MNCs must consider cultural differences, ensure regular and meaningful feedback, and leverage technology

appropriately. By doing so, they can create a more engaged and loyal workforce, which is essential for the long-term success of the organization.

## **B. Goal Setting and Its Impact on Employee Motivation and Retention**

Goal setting is another fundamental aspect of performance management that influences job satisfaction and employee retention. Clear, achievable goals provide employees with a sense of direction and purpose, which can enhance motivation and commitment to the organization (Locke & Latham, 2002). When employees understand how their individual goals align with the company's objectives, they are more likely to feel connected to the organization and invested in its success, leading to higher levels of job satisfaction (Aguinis, 2019). This alignment is particularly important in MNCs, where employees may be geographically dispersed and need a strong sense of purpose to stay engaged and motivated (Stahl, Björkman, & Morris, 2012).

However, the process of goal setting in MNCs can be complex due to cultural and organizational diversity. In collectivist cultures, for instance, employees may prioritize group goals over individual achievements, whereas in individualist cultures, personal goals may take precedence (Hofstede, 2011). Therefore, MNCs must balance global and local objectives, ensuring that goals are culturally appropriate and resonate with employees across different regions (Sparrow et al., 2016). Additionally, the SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) framework is often recommended for setting effective goals, but its application may need to be adapted to suit different cultural contexts (Locke & Latham, 2002).

Moreover, the involvement of employees in the goal-setting process is crucial for enhancing their commitment to achieving these goals. Research shows that when employees participate in setting their own goals, they are more likely to be motivated to achieve them and to view the goals as fair and attainable (Murphy & Cleveland, 2018). This participatory approach can also enhance job satisfaction by giving employees a sense of autonomy and control over their work (Aguinis, 2019). In MNCs, facilitating employee involvement in goal setting may require additional effort, especially in regions where hierarchical organizational structures prevail and employees are less accustomed to having input in decision-making processes (Stahl et al., 2012).

The challenge of maintaining consistency in goal setting across different regions is another consideration for MNCs. While global goals provide a unified direction for the organization,

local goals must be flexible enough to account for regional market conditions and cultural differences (Schuler et al., 2011). MNCs need to strike a balance between standardization and localization in their goal-setting processes to ensure that goals are relevant and motivating for employees in different parts of the world (Sparrow et al., 2016). This requires ongoing communication and coordination between global headquarters and regional offices to align goals effectively.

In summary, goal setting is a powerful performance management strategy that can significantly enhance employee motivation, job satisfaction, and retention in MNCs. However, for goal setting to be effective, MNCs must consider cultural differences, involve employees in the process, and maintain a balance between global and local objectives. By doing so, they can foster a more motivated and committed workforce, which is crucial for achieving long-term organizational success.

### **C. Training and Development as Key Drivers of Retention**

Training and development are critical components of performance management strategies that directly impact job satisfaction and employee retention in MNCs. Continuous learning opportunities and career development initiatives not only enhance employee skills and competencies but also contribute to their sense of belonging and loyalty to the organization (Noe, 2017). Employees who perceive that their employer is invested in their professional growth are more likely to remain with the company, reducing turnover rates and associated costs (Armstrong, 2012). This is particularly important in MNCs, where retaining skilled talent across different regions is a key challenge (Schuler et al., 2011).

However, delivering effective training and development programs in MNCs requires careful consideration of cultural, linguistic, and logistical factors. Training programs must be culturally sensitive and relevant to the diverse needs of employees in different regions (Hofstede, 2011). For example, training methods that are effective in one cultural context may not be as successful in another due to differences in learning styles, communication preferences, and cultural norms (Sparrow et al., 2016). MNCs must therefore tailor their training programs to suit the specific needs of their global workforce, which may involve adapting content, delivery methods, and evaluation criteria to ensure that training is both effective and engaging (Stahl et al., 2012).

Moreover, the integration of technology into training and development has become increasingly important in MNCs. E-learning platforms, virtual classrooms, and digital



resources allow MNCs to deliver consistent training programs to employees across different regions (Bersin, 2013). These tools can facilitate real-time collaboration and knowledge sharing among employees, regardless of their geographic location, enhancing the overall effectiveness of training initiatives (Noe, 2017). However, the success of technology-driven training programs depends on employees' access to technology, digital literacy, and the organization's ability to provide ongoing support and resources (Schuler et al., 2011).

Another critical factor in the success of training and development programs in MNCs is the alignment of these initiatives with employees' career goals and aspirations. Employees are more likely to be satisfied with their job and remain with the company if they see clear opportunities for career advancement and professional growth (Armstrong, 2012). MNCs must therefore ensure that their training and development programs are designed to support employees' long-term career development, providing them with the skills and knowledge needed to advance within the organization (Noe, 2017). This may involve offering diverse learning paths, mentorship programs, and leadership development opportunities tailored to the needs of employees at different stages of their careers (Sparrow et al., 2016).

Finally, evaluating the effectiveness of training and development programs is essential for ensuring their impact on job satisfaction and retention. MNCs must regularly assess the outcomes of these initiatives to determine whether they are meeting the needs of employees and contributing to the organization's goals (Murphy & Cleveland, 2018). This may involve gathering feedback from participants, measuring improvements in performance, and tracking career progression and retention rates (Aguinis, 2019). By continuously refining their training and development programs, MNCs can create a more engaged and loyal workforce, which is essential for sustaining competitive advantage in the global market (Schuler et al., 2011).

In conclusion, training and development are key drivers of job satisfaction and employee retention in MNCs. To maximize the effectiveness of these initiatives, MNCs must tailor their programs to the cultural and linguistic needs of their global workforce, leverage technology to enhance accessibility and consistency, align training with career development goals, and regularly evaluate outcomes to ensure continuous improvement.

## 4. Conclusion

The findings of this study underscore the critical role that performance management strategies play in enhancing job satisfaction and employee retention in multinational companies (MNCs). By implementing effective performance management practices, such as

providing regular and constructive feedback, setting clear and achievable goals, and offering continuous training and development opportunities, MNCs can significantly improve employee engagement and commitment. These strategies help align employees' efforts with organizational objectives, foster a sense of recognition and appreciation, and support professional growth, all of which contribute to higher job satisfaction and lower turnover rates.

However, the implementation of performance management strategies in MNCs is not without challenges. The diverse cultural, organizational, and regional contexts within which MNCs operate require that these strategies be adapted to meet the specific needs and preferences of employees across different settings. Cultural differences, for instance, can influence how feedback is perceived and how goals are set and pursued, necessitating a tailored approach that respects local norms and values. Additionally, the integration of technology into performance management, while offering new opportunities for efficiency and consistency, also requires careful consideration to ensure that it enhances rather than detracts from the employee experience.

In conclusion, for MNCs to effectively improve job satisfaction and employee retention through performance management, it is essential to adopt a holistic and culturally sensitive approach. By recognizing the unique challenges and opportunities associated with managing a diverse global workforce, MNCs can develop performance management strategies that not only drive organizational success but also create a positive and supportive work environment for their employees. Future research should continue to explore the dynamic interplay between performance management practices and the diverse cultural and organizational landscapes of MNCs, providing deeper insights into how these strategies can be optimized for different contexts.

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