

# Current Situation and Analysis of Enterprise Performance Management

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## Abstract

Performance management has always been a difficult problem for managers at all levels, especially human resource managers. Scientific and reasonable salary system is particularly important for the long-term development of enterprises. Firstly, this paper analyzes the reality of enterprise performance management in different periods from the early, growth and maturity stages of enterprise development, and deeply analyzes the deep-seated reasons for the problems. Secondly, from the 'performance management is a matter of human resources departments, and business departments have nothing to do', 'performance management is the performance appraisal, performance appraisal is to pick staff problems', 'heavy assessment, ignore the performance plan formulation link work', 'despise and ignore the role of performance counseling and communication' four aspects analyzes the common errors of enterprise performance management in detail. Finally, according to the problems and common misunderstandings in enterprise performance management, this paper puts forward countermeasures and suggestions for improving enterprise performance management from three aspects : system design, internal management and promotion of implementation.

## Keywords

Enterprise Performance Management; Main Issues; Common Mistakes; Promotion Recommendations.

## 1. Introduction

At present, there are still many misunderstandings in the performance appraisal management of enterprises, resulting in the failure to play the effectiveness of performance appraisal. The comprehensive analysis method is adopted to summarize the misunderstandings in the performance appraisal management and highlight the optimization strategy, for reference only. Personnel strategy is one of the most difficult in modern management[1]. For enterprises, how to play the role of performance appraisal and promote the development of human resources strategy is a key issue that needs to be considered. Performance is the value created by employees for enterprises. Performance appraisal management is to evaluate these values and distribute them. The essence of this value distribution is to encourage employees to further create value for enterprises. However, many enterprises have misunderstandings of performance appraisal management, and there are also errors in practice, resulting in the incentive effect of performance appraisal management is not obvious, and it is unable to scientifically promote the development of enterprise human resources strategy. Therefore, the analysis of enterprise performance appraisal management is of great significance.

## 2. Main Problems Existing in Enterprise Management

### 2.1. Reality of Performance Management

In the early stage of enterprise development, the enterprise scale is relatively small, the business is relatively single, the management level is small, and the decision-making power is concentrated in the hands of the boss. Most enterprises do not have a systematic performance management system, and employees do well or bad is the boss. Performance management is not valued by decision makers[2].

After the enterprise enters the growth period, in order to adapt to the needs of the rapid development of business, it is particularly important to design the appropriate organizational structure and system to ensure the normal operation of the enterprise. It is more and more important for managers to evaluate the performance of organizations and employees. However, at this time, the focus of enterprises is still to provide the basis for the payment of wages and bonuses. In many aspects of performance management, only the performance evaluation has been paid more attention.

After the enterprise enters the mature period, the business environment is relatively stable, and it is facing increasingly fierce market competition. Improving the performance of organizations and employees has become the fundamental guarantee for the long-term development of enterprises. Therefore, the competitive environment forces enterprises to carry out performance management consciously or unconsciously.

Many enterprises have tried performance management. Some enterprises have carried out performance appraisal for many years, but performance appraisal has not brought about performance improvement. On the contrary, it has become the burden of managers at all levels. It is mainly manifested in the following aspects : (1) Assessment not only does not play a positive role, but also causes envy and dissatisfaction among employees, resulting in disharmony between employees. (2) Performance appraisal has become the human resources department ' s own thing, each line department cannot give enough attention ; (3) The evaluator cannot conduct fair and impartial assessment in accordance with the attitude of being responsible for the enterprise, and the assessment becomes formalism and finally becomes formalistic ; (4) Unable to identify and motivate employees with excellent performance, the examinees cannot correctly understand the purpose and significance of the assessment, and have a conflict with the assessment.

Enterprises have gained a lot of experience and lessons in the process of promoting performance management, but they are still very confused in many aspects. They do not know how to proceed, mainly in the following aspects : (1) Performance appraisal does not establish an organic connection between organizational goals and personal development goals, and the goals of individuals and organizations cannot be consistent, so it is very difficult to decompose departmental and personal goals ; (2) The assessment index can not fully measure the performance and development potential of the examinee, and is confused about how to design the assessment index. When the performance appraisal information is inaccurate, it is difficult to obtain the performance appraisal information or the cost is very high ; (3) Performance appraisal results are not reliable, not effective, performance appraisal results can not reflect the actual work of employees, performance appraisal results of employees are not convinced, often staff complaints ; (4) Enterprises are confused about what kind of performance appraisal methods to choose. Although 360 - degree assessment, final elimination, KPI assessment, and balanced scorecard are successively adopted, the effect is not good. Enterprises are thinking about how to better apply these advanced management ideas and methods.

## 2.2. Deep-seated Causes of the Problem

The above problems in the process of promoting performance management are not accidental, involving many reasons. The deep-seated reasons are as follows :

(1) There are misunderstandings about performance management among managers and employees at all levels.

(2) The enterprise basic management level needs to be improved, the enterprise development war is not clear, the department function is not clear, the lack of budget system ( the company management is lack of planning ), the company accounting system is not perfect ( accounting can not reflect the real production and operation situation of the enterprise ) will have an impact on the effect of performance management.

(3) There are defects in the performance management system. The performance management system fails to keep the individual goals, department goals and organizational goals consistent. The performance management fails to ultimately improve the ability and quality of individuals. The performance management does not promote the performance improvement of individuals and organizations.

(4) There are defects in the performance appraisal system, and there are defects in the system design of various elements such as the performance appraisal, the performance subject, the performance appraisal cycle, the performance appraisal content and the application of the performance appraisal results.

(5) The evaluation index, especially the key performance evaluation index, has defects. The key link in designing the evaluation index is to select the appropriate performance evaluation index and determine the weight, formulate objective evaluation criteria, select appropriate performance evaluators, and clarify the source of evaluation information.

(6) Performance appraisal index selection has problems, no prominent strategic orientation, employee behavior and enterprise expected behavior is not consistent.

(7) The work in each link of performance management implementation is not in place. First of all, the formulation of performance plan is random, and the formulation of performance goals lacks effective means and basis. Secondly, ignoring the performance counseling process, the supervisor did not timely conduct performance counseling communication to subordinates, so the problems can not be found in time and give subordinates work support ; then, the performance appraisal information is not accurate causes the performance appraisal result lacks the credibility, the performance appraisal link is random, cannot achieve the fair justice ; finally, the application of performance appraisal results is not systematic. The performance appraisal results should be linked to performance salary and bonus, and linked to training education and personal development plan.

(8) Training is not in place, managers and employees at all levels do not master performance management tools, methods and skills.

(9) Enterprise information management tools are backward and lack the support of information technology tools.

## 2.3. Why does Performance Management have no Expected Effect

There are many factors that affect the implementation effect of enterprise performance management. Enterprise culture, development strategy, governance structure, organizational structure and department functions, post management system, budget accounting system, and basic management levels such as administrative logistics, production and sales, financial management and information system will all affect the performance management effect[3].

From the performance management itself, the above factors mainly come from the following three aspects :

- (1) There are misunderstandings about performance management among employees at all levels, which inevitably leads to confusion in practice.
- (2) The important reason for the failure of performance management is the defects of performance appraisal system and performance appraisal indicators.
- (3) The implementation of the company's performance management reform is inadequate, and managers and employees at all levels do not have the tools, methods and skills to implement performance management.

### **3. Common Misconceptions about Performance Management**

#### **3.1. Performance Management is a Matter of the Human Resources Sector Unrelated to the Business Sector**

There are not a few people who hold the view that “ performance management is a matter of human resources management ”, and even some enterprise decision-making leaders believe that. So, what is the deep-seated reason for this understanding ? In fact, this is related to the development stage of the company and the ability and quality of employees.

First of all, in the enterprise scale is not very large, business personnel in the enterprise has a pivotal position, whether in income or status, business personnel than functional personnel tend to receive more attention, business personnel always think that performance management is nothing, so the performance management is not valued by business personnel.

Secondly, the experience of the business department with business background is often used to simple and extensive management methods. It will be very tiresome to regularly collect assessment data and fill out performance appraisal forms. At the same time, since the benefits of performance management have not been seen, performance appraisal will be strongly resisted.

Finally, business department leaders often do not have a good understanding of the responsibilities of management. In fact, business department leaders should focus more on management rather than specific business operations. They should better motivate and mentor subordinates to operate business rather than do it personally. The basic functions of management are planning, organizing, leading and controlling, which will be reflected in all aspects of the performance management cycle.

So how to change employees' misconceptions ? First of all, ideological indoctrination, so that they change the mindset of ' big businessman ', realize the importance of management. Secondly, the management of managers, especially to strengthen performance management tools, methods and skills training to improve the quality of managers and enterprise management level. Finally, starting from the construction of enterprise culture, strengthen the execution of enterprises.

#### **3.2. Performance Management is Performance Appraisal, Performance Appraisal is to Pick Staff Problems**

The purpose of performance management is not to pay performance wages and bonuses, nor to raise wages, which are means, the purpose of performance management is to continuously improve the performance of organizations and individuals, so as to ensure the realization of enterprise development goals. Performance appraisal is to correctly evaluate the performance of organizations and individuals in order to effectively motivate performance management is the most important part. If performance management is to be effective, the work of the above four links should be done well, otherwise it will not achieve the effect of performance improvement[4].

So, how should Bin 's' performance management is performance appraisal, performance appraisal is the wrong understanding ?

First of all, to make employees realize that performance management and performance appraisal will bring benefits. Whether performance management or performance appraisal, it is not the interests of managers and employees at all levels, but will promote the improvement of personal ability and quality, which is very critical in the increasingly fierce competition in the workplace. In fact, no organization will not because no performance appraisal and not eliminate employees, no performance appraisal does not mean ' iron rice bowl. ' Performance appraisal is a very effective medium for communication between supervisors and subordinates. In the process of performance management, employees will receive guidance and support from supervisors. Feedback from performance appraisal results will enable subordinates to know their shortcomings and deficiencies, so as to improve their personal ability and quality.

### **3.3. Re-assessment and Neglecting the Work of Performance Plan Formulation**

In the implementation process of performance management, many managers pay more attention to performance evaluation, but pay less attention to the formulation of performance plans, which is a common problem for enterprises that first attempt performance management. Performance plan is a process in which leaders and subordinates fully discuss and form perseverance about what should be done and what standards should be reached during the assessment period. What are the effects of performance plan ?

(1) Performance plans provide the basis for performance appraisal of organizations and staff Making feasible performance plan is the first step and the most important link of performance management. The performance plan is formulated, and at the end of the assessment period, it can be evaluated according to the performance plan formulated and promised by the staff themselves. For organizations and individuals who successfully complete the performance plan, performance appraisal will obtain excellent evaluation and reward ; for organizations and individuals that have not completed the performance plan, their superior leaders should help subordinates analyze the reasons for not completing the performance plan and help subordinates formulate performance improvement plans.

(2) Scientific and reasonable performance plans ensure the implementation of organizational and sectoral objectives

Individual performance plans, departmental performance plans and organizational performance plans are mutually supportive and restrictive. On the one hand, individual performance plan supports department performance plan, department performance plan supports organization performance plan ; on the other hand, the realization of department performance plan restricts the realization of organization performance plan, and the realization of individual performance plan restricts the realization of department performance plan. Therefore, in the process of formulating organizational, departmental and individual performance plans, resources are tilted to places that play a bottleneck role in restricting the realization of organizational goals by coordinating various resources, so as to promote the realization of departmental and individual performance plans and ensure the realization of organizational goals.

(3) Performance plans provide direction and objectives for staff efforts

Performance plan includes performance appraisal indicators and weights, performance objectives and evaluation criteria, which puts forward specific and clear requirements and expectations for the work of departments and individuals. At the same time, it also clarifies what aspects of departments and employees to achieve achievements will be rewarded by the organization. In general, departments and employees will choose the direction the organization expects to work hard.

In the process of making performance plan, determining performance goals is the core step. Many company performance appraisal work is difficult to carry out the reason is that the performance plan is not reasonable, if some departments, staff performance goals set too high, no matter how hard, can not achieve the goal ; and some departments, staff performance goals set relatively low, it is easy to achieve goals, this de facto internal injustice, will also have a great impact on the enthusiasm of departments, staff. On the other hand, if the performance goal is too high or too low, it will reduce the incentive effect of salary and can not stimulate the enthusiasm of employees.

### **3.4. Despise and Ignore the Role of Performance Counseling Communication**

Performance counseling communication refers to the direct superiors of the performance plan executors and other relevant personnel to help the executor to complete the performance plan, through communication, communication or provide opportunities, give the executor instructions, guidance, training, support, supervision, correction and encouragement to help behavior, the necessity of performance counseling communication lies in the following aspects.

(1) Managers need to master the progress of their work and improve their performance

After many times of communication between managers and employees, the performance contract is not equal to the successful completion of employees ' performance plan. As a manager, we should timely grasp the progress of subordinates, understand the performance and difficulties encountered by employees in the work, timely detect and correct deviations, avoid small errors, small deviation accumulation caused by big mistakes or irreparable losses ; at the same time, timely detection of high performance behavior, summarize and promote advanced work experience, so that the department and even the whole organization all staff performance has been improved ; in addition, mastering the working conditions of employees is conducive to a fair and objective assessment of employees at the end of the performance period. Effective performance appraisal indicators are the combination of outcome indicators and process control indicators. Only when managers have a clear understanding of the work process of subordinates, can they enter the correct assessment. Mastering and accumulating subordinates ' performance data can make the performance evaluation more credible, who can avoid deviation, and can save time and reduce the difficulty of performance evaluation.

Performance counseling helps employees find out the advantages, problems and shortcomings in the work of themselves or others in time, and helps employees promote each other and improve mutual assistance. It also helps to strengthen the initial communication within the team, avoid misunderstanding or contradictions in the work, and create a good team work atmosphere, so as to improve the overall work efficiency.

(2) Employees need managers to evaluate and mentor their work

It is very important for employees to continuously obtain the anti-hunger information of their own performance in their work, and to get the evaluation of managers in time, so as to continuously improve their effectiveness and develop their own ability and quality. It is also very important to affirm the work performance of employees and give them a clear reward, and maintain the progress to improve the work enthusiasm of employees. If employees do well, employees who have received positive evaluation will inevitably make more efforts to expect greater achievements. If there are many problems in the work, it is also conducive to the rapid adjustment of working methods and methods and the gradual improvement of performance to point out the shortage in the work in time.

Managers should coordinate all aspects of resources in a timely manner to provide guidance and support for subordinates ' work. Due to the change of working environment and conditions, employees may encounter difficulties and risks that are not expected in the formulation of performance plans during the work process. At this time, managers should provide timely help and resource support for employees.

Managers should reasonably mobilize all resources and support subordinates' work within their authority; if certain matters remain within the scope of their duties and powers, managers should report the actual situation to relevant decision makers to solve the problems encountered in the work of subordinates as soon as possible.

### (3) Adjusting the performance plan when necessary

The performance plan is based on the judgment of external environment and internal conditions, and is made on the basis of the consensus of managers and employees. The external environment is constantly changing, and the internal resources of enterprises are limited, so the performance plan formulated at the beginning of the performance appraisal cycle is likely to become impractical or impossible to achieve. For example, changes in the market competition environment will lead to changes in the product price policy of the enterprise, resulting in changes in the target volume and sales of enterprise products; due to a technical obstacle can not be effectively solved, may lead to enterprise products can not be listed in time, so should adjust the product development plan; due to the strategic adjustment of enterprises, the original work goals and priorities may be meaningless, so the corresponding content in the performance goals should be adjusted in time. Through the communication between managers and employees in the process of performance implementation, the performance plan can be adjusted to make it more suitable for the changes of external environment and internal conditions.

## 4. How to Manage Performance

(1) System design : strategic orientation, performance improvement and incentive mechanism  
Performance management system is designed from the perspective of enterprise strategic development. Performance management not only promotes the improvement of organizational and individual performance, but also realizes the strategic orientation of enterprise development and makes individual goals, department goals and organizational goals consistent. Performance management system is designed from the perspective of improving organizational and personal performance. Performance appraisal is only a part of performance management. Performance planning, performance counseling and communication, and performance results application are all important aspects of performance management. The establishment of incentive mechanism should consider the maturity of enterprise staff, positive incentive and negative incentive should be balanced use, can not go to the extreme. Only negative incentive without positive incentive can not mobilize the enthusiasm of employees, and only positive incentive lack of negative incentive system arrangement in the current conditions should be carefully used; on the other hand, the incentive content should meet the real needs of employees. Under the current conditions, for most enterprises, the low-level demand with material demand as the main content is still very important for employees. While meeting the low-level demand of employees, the role of high-level demand for some employees cannot be ignored. Therefore, when designing the incentive content, we should fully consider the current situation of social development and the actual demand characteristics of individual employees.

### (2) Internal management : basic management, execution, coaching and communication

Systematic performance management needs to have certain prerequisites. The basic management level of enterprises is relatively high, the enterprise culture is relatively healthy, the enterprise development strategy is relatively clear, the organizational structure adapts to the enterprise development strategy, the post responsibility and power are clear, the salary system can achieve fair goals and incentives, and the enterprise budget accounting system is complete. Systematic performance management requires enterprises to have strong executive

power. Decision-making leaders of enterprises have a certain understanding of performance management, and pay attention to performance counseling and communication.

(3) Promoting implementation : results orientation, process control, interactive sharing, people-centred

Performance appraisal pays attention to the balance between result assessment and process control, and has a substantial and effective way to process control. Using relatively scientific methods to set organizational performance goals can be understood and accepted by employees. Performance management pays attention to the interaction and responsibility sharing between managers and employees, establishes an effective incentive mechanism to improve the positive initiative of employees, and encourages employees to cultivate, develop and improve their ability and quality, so as to improve personal and organizational performance. Excellence in performance management reflects people-oriented thinking, reflects respect for people, encourage innovation and maintain organizational vitality so that employees and organizations grow synchronously.

## 5. Conclusion

The main factors affecting performance are employee skills, external environment, internal conditions and incentive effect. Performance management is to stimulate people ' s initiative and enthusiasm through appropriate incentive mechanism, stimulate organizations and employees to strive for improvement of internal conditions, improve the level of skills and then enhance personal and organizational performance. Performance management can not only promote the improvement of organizational and personal performance, but also promote the optimization of management process and business process and the improvement of enterprise basic management level, to ultimately ensure the landing of organizational strategic objectives. Performance management to obtain a virtuous circle, the following three aspects are very important: target management, performance appraisal, incentive control. The core issue of target management is to ensure the consistency of organizational goals, departmental goals and individual goals; performance appraisal is the core part of performance management. The purpose of performance appraisal is to accurately identify and effectively distinguish organizational and personal performance. Incentive effect plays a very important role in performance management. Incentive content and incentive methods should be appropriate, employee performance goals should be reasonable and feasible, and managers should pay attention to maintaining organizational credit. Misunderstanding of performance management is the most fundamental reason for the poor implementation of performance management, and it is also the most difficult obstacle to break through.

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