

Research on the Synergistic Effect of Strategic Performance Management and Employee Performance Management

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Keywords: strategic performance management; employee performance management; performance indicator system; strategic objective decomposition; organizational competitiveness

Abstract: This paper aims to delve into the synergistic mechanism between strategic performance management and employee performance management, emphasizing their complementarity and synergy in achieving long-term strategic goals, unleashing employee potential, and enhancing organizational performance. By analyzing the cascading process of corporate strategic objectives, establishment of a performance indicator system, and the cyclical process of employee performance planning, evaluation, and feedback, this study reveals how strategic performance management the direction of employee performance management to ensure that employees' efforts align with corporate vision. Simultaneously, the effective implementation of employee performance management feeds back to the strategic level, providing data support and decision-making basis for strategic adjustment and optimization. Through case studies and empirical research, this paper demonstrates the significance of establishing a performance management system based on strategic orientation for enhancing organizational competitiveness and promoting sustainable development. It also proposes specific strategies and practical suggestions to promote the synergy between the two.

1. Introduction

With the increasingly fierce competitive environment faced by enterprises, the importance of strategic performance management and employee performance management has become increasingly prominent. The former is concerned with the achievement of long-term corporate goals, while the latter is directly related to the stimulation of individual employee performance and The synergistic effect between the two can not only effectively ensure the consistency between the strategic direction of the enterprise and the efforts of employees, but also continuously optimize resource allocation and improve overall performance through the cyclical process of performance management. This paper aims to delve into this synergistic mechanism, analyze its specific impact corporate performance, and provide theoretical support and practical guidance for the construction an efficient and synergistic performance management system, thereby helping enterprises achieve sustainable development in the complex and ever-changing market environment.

2. Literature Review

2.1 Overview of Strategic Performance Management Theory

1) Definition and Connotation of Strategic Performance Management: Strategic performance management is a vital component of the enterprise management system. It emphasizes the close integration of the enterprise's strategic objectives with performance management, ensuring the effective implementation of the overall corporate strategy through the formulation and implementation of a series of performance plans and measures aimed at achieving these objectives. Its connotation lies in not only focusing on short-term financial performance but also emphasizing creation of long-term strategic value. Through performance management, it promotes the optimal allocation of enterprise resources, enhances the core competitiveness and market adaptability of the enterprise.

2) Key Elements and Processes of Strategic Performance Management: The key elements of strategic performance management include a clear strategic positioning, measurable performance indicators, effective performance communication, fair performance evaluation, and timely performance feedback. Its processes typically encompass the setting and decomposition of strategic objectives, the formulation of performance plans, performance implementation and monitoring, performance evaluation and feedback, as well as the application and improvement of performance results. This process forms a closed-loop system, driving the gradual realization of the enterprise's strategic objectives through continuous cycles.

2.2 Overview of Employee Performance Management Theory

1) Concept and Characteristics of Employee Performance Management: Employee performance management refers to a series of management activities undertaken by enterprises to enhance employees' job performance and professional capabilities, thereby achieving organizational strategic goals. It emphasizes a focus on employees, stimulating their work enthusiasm and creativity through setting clear performance standards, implementing scientific performance evaluations, providing timely performance feedback, and offering incentives. The characteristics of employee performance management lie in its targeted, systematic, developmental, and dynamic nature, aiming to promote a win-win situation for both employee personal growth and corporate development.

2) Key Links and Methods of Employee Performance Management: The key links in employee performance management include the formulation of performance plans, performance implementation and coaching, performance evaluation and feedback, as well as the application of performance results. In the specific implementation process, enterprises can adopt various performance management methods such as Management by Objectives (MBO), Key Performance Indicators (KPI), 360-degree feedback evaluation, and the Balanced Scorecard (BSC) to ensure the scientificity and effectiveness of performance management.

2.3 Research Status of the Relationship between Strategic Performance Management and Employee Performance Management

1) Review of Existing Research Findings: In recent years, research on the relationship between strategic performance management and employee performance management has gradually increased. Scholars generally agree that there is a close interconnection and mutual promotion between the two. On the one hand, strategic performance management provides direction and guidance for employee performance management, ensuring the alignment of employee performance goals with corporate strategic objectives. On the other hand, the effective implementation of employee performance management also provides a strong guarantee for the achievement of strategic performance goals. Additionally, research has explored the synergies between the two in areas such as the construction of indicator systems and the selection of performance evaluation methods.

2) Research Gaps and Limitations: Despite the numerous research findings that have shed light on the relationship between strategic performance management and employee performance management, there are still some gaps and limitations in the research. For instance, the specific mechanisms, influencing factors, and empirical research on the synergies between the two are still insufficiently explored. When constructing a performance management system based on strategic orientation, further investigation is needed on how to better balance the relationship between corporate strategic objectives and employee personal development. Furthermore, as the internal and external environments of enterprises continue to evolve, how to dynamically adjust and optimize the performance management system to adapt to new development needs is also a current research hotspot.

3. Theoretical Framework and Hypothesis Construction

3.1 Analysis of the Synergistic Mechanism between Strategic Performance Management and Employee Performance Management

1) Hierarchical Decomposition of Strategic Objectives and Construction of Performance Indicator Systems

The synergistic mechanism between strategic performance management and employee performance management is first manifested in the hierarchical decomposition of strategic objectives. Senior managers of the enterprise develop clear and achievable strategic objectives based on factors such as the market environment, internal resources, and capabilities. Subsequently, these strategic objectives are decomposed step-by-step to various departments, teams, and even individual levels, forming specific and measurable performance indicators. In this process, strategic performance management ensures that employee performance goals are closely linked to corporate strategic objectives by constructing a comprehensive performance indicator system, fostering top-down goal consistency. Meanwhile, employee performance management focuses on translating these performance indicators into practical work plans and action schemes to drive the ultimate realization of strategic objectives^[1].

2) The Cyclic Process of Employee Performance Planning and Evaluation

The cyclic process of employee performance management encompasses the formulation, implementation, evaluation, and feedback of performance plans, which is closely linked to strategic performance management and constitutes a vital component of their synergistic mechanism. During the formulation of performance plans, employees must clarify their roles and responsibilities in achieving corporate strategic objectives, integrating personal goals with corporate goals. In the implementation phase, employees continuously strive for improvement, enhancing their work performance. The performance evaluation stage objectively and fairly assesses employees' performance outcomes, providing feedback on the strengths and weaknesses of their performance to help them identify areas for improvement. This process not only promotes the growth and development of individual employees but also provides robust support for the continuous optimization of strategic performance management.

3.2 Theoretical Basis and Hypothesis Proposal of Synergy

1) Complementarity Hypothesis: The Complementary Role of Both in Enhancing Performance

The complementarity hypothesis posits that strategic performance management and employee performance management exhibit a marked complementary effect in enhancing performance. Strategic performance management sets clear corporate strategic objectives, guiding employees in their work directions. Meanwhile, employee performance management ensures that employees work efficiently towards established goals through specific performance planning, evaluation, and feedback measures. These two systems complement and reinforce each other, jointly forming a comprehensive enterprise performance management system. The combination of strategic performance management's macro-level guidance and employee performance management's micro-level implementation contributes to maximizing the overall performance of the enterprise.

2) Synergy Effect Hypothesis: The Enhancement of Enterprise's Overall Performance through Synergy

The synergy effect hypothesis further suggests that the synergy between strategic performance management and employee performance management can significantly enhance the overall performance of the enterprise. When both systems achieve effective synergy, resource allocation within the enterprise becomes more rational, and collaboration among departments, teams, and employees becomes smoother. This synergy not only boosts employees' work enthusiasm and creativity but also promotes the sharing and innovation of internal knowledge. Additionally, through a continuous performance evaluation and feedback mechanism, the enterprise can promptly identify and address existing issues, continually optimizing management processes and work methods. These positive factors, acting in concert, will significantly elevate the overall performance level of the enterprise, enabling it to maintain a leading position in the fiercely competitive market.

4. Research Methodology

4.1 Case Selection and Analysis Approach

1) Introduction to the Background of Case Enterprises

In selecting case enterprises, this study aims to identify representative, typical, and data-accessible companies as research subjects. The case enterprises should have clear practical experience and a certain degree of innovation in strategic performance management and employee performance management, enabling them to fully demonstrate the actual effects of synergy between the two. The background introduction will elaborate on critical information such as the enterprise's industry position, development history, main products or services, organizational structure, corporate culture, and the current market competition environment, providing a solid foundation for subsequent analysis.

2) Data Collection and Processing Methods

To ensure the comprehensiveness and accuracy of research data, this study will employ multiple data collection methods, including but not limited to reviewing public corporate materials, analyzing internal documents, conducting in-depth interviews, and administering questionnaires. By consulting public materials such as corporate annual reports, official websites, and industry reports, we can obtain basic information and performance data about the enterprises. Internal document analysis will help gain deeper insights into the enterprises' strategic planning, performance management systems, and their implementation status. In-depth interviews will target senior management, department heads, and key position employees to obtain first-hand information and insights. Questionnaires will be used to collect broader and more systematic data for quantitative analysis. In terms of data processing, this study will utilize statistical software to clean, organize, and analyze the data, ensuring the reliability and validity of the research results^[2].

4.2 Empirical Research Design

1) Questionnaire Design and Survey Sample

Questionnaire design is one of the crucial steps in empirical research. This study will design a scientific and reasonable questionnaire content based on the relevant theoretical frameworks and existing research findings related to strategic performance management and employee performance management. The questionnaire will cover aspects such as the clarity of corporate strategic objectives, the rationality of the performance indicator system, the formulation and execution of employee performance plans, and the effectiveness of performance evaluation and feedback mechanisms, to comprehensively reflect the actual situation of synergy between the two. In selecting the survey sample, this study will consider factors such as enterprise size, industry distribution, and geographical differences, adopting random sampling or stratified sampling methods to ensure the representativeness and breadth of the sample. Simultaneously, to improve the questionnaire's response rate and validity, appropriate incentive measures and quality control methods will be employed.

2) Data Analysis Methods and Tools

Data analysis is the core of empirical research. This study will adopt multiple data analysis methods, including but not limited to descriptive statistical analysis, correlation analysis, regression analysis, etc., to reveal the inherent relationship between strategic performance management and employee performance management and their impact on corporate performance. Descriptive statistical analysis will be used to describe the basic characteristics and distribution of the sample. Correlation analysis will explore the degree of association between various dimensions of strategic performance management and employee performance management. Regression analysis will be employed to further verify the causal relationship between the two. In selecting data analysis tools, this study will utilize statistical software and data analysis tools such as SPSS and Excel to ensure the accuracy and efficiency of data analysis. Through the application of these data analysis methods and tools, this study will delve into the synergy mechanism between strategic performance management and employee performance management, providing strong theoretical support and practical guidance for enterprise management practices^[3].

5. Case Analysis and Empirical Research

5.1 Practical Cases of Strategic Performance Management and Employee Performance Management

1) Introduction to the Case Company's Performance Management System

In this practical case, the case company has established a comprehensive performance management system that tightly integrates strategic performance management with employee performance management. The company first clarifies its long-term strategic objectives and decomposes them into specific performance indicators for various departments, teams, and individuals through tools such as strategic maps. These indicators encompass not only financial metrics like revenue growth rate and profit margin but also non-financial metrics such as customer satisfaction, employee satisfaction, and innovation capability, ensuring a holistic approach to corporate development. At the level of employee performance management, the company has established a performance planning process based on management by objectives, encouraging employee participation in goal-setting to enhance goal identification. Meanwhile, regular performance evaluations and feedback mechanisms are implemented to ensure timely and fair assessments of employee performance, upon which rewards and improvements are based.

2) Concrete Manifestations of the Synergistic Mechanism

In the case company, the synergistic mechanism between strategic performance management and employee performance management is fully demonstrated. On the one hand, by decomposing strategic objectives into layers, the company ensures that employee performance objectives are highly aligned with corporate strategic objectives, enabling employees to contribute to the achievement of overall corporate goals while pursuing individual performance. On the other hand, the effective implementation of employee performance management provides solid support for the realization of strategic objectives. Through continuous performance communication, coaching, and feedback, employees can promptly understand the gaps between their performance and targets and take corresponding improvement measures to continuously enhance work performance. This synergistic mechanism promotes the optimal allocation of internal resources within the company, strengthens team cohesion, and ultimately drives the improvement of the company's overall performance^[4].

5.2 Empirical Research Results

1) Data Analysis and Hypothesis Verification

Through data analysis in the empirical study, this research has validated the previously proposed hypotheses of complementarity and synergy between strategic performance management and employee performance management. The data analysis results reveal a significant positive correlation between the two, indicating their complementary roles in enhancing performance. Furthermore, regression analysis has confirmed the enhancing effect of synergy on the company's overall performance. Specifically, when strategic performance management and employee performance management work synergistically, the company's overall performance level increases significantly, encompassing both financial metrics such as revenue growth and profit improvement, as well as non-financial metrics like customer satisfaction and employee satisfaction. These findings strongly support the theoretical hypotheses of this study and provide a scientific basis for corporate management practices.

2) Practical Impact of Synergy on Corporate Performance

The empirical research results also reveal the practical impact of synergy on corporate performance. Firstly, synergy promotes the optimal allocation of internal resources within the company. Guided by strategic objectives and incentivized by employee performance, the company can more effectively allocate human, material, and financial resources to ensure investment and output in key areas. Secondly, synergy enhances the company's market competitiveness. When employee performance is closely linked to corporate strategic objectives, employees become more focused on market demands and customer feedback, actively innovating and improving products and services, thereby accelerating the company's market response speed and boosting customer

satisfaction. Lastly, synergy fosters sustainable development for the company. Through continuous performance improvement and feedback mechanisms, the company can adapt to external environmental changes, adjust strategic directions and management strategies, and ensure long-term stable growth^[5].

6. Conclusion

In summary, this study has delved into the synergy mechanism between strategic performance management and employee performance management and its impact on corporate performance. Through the analysis of practical cases and empirical research results, we have found that the synergy mechanism demonstrates significant effectiveness in enhancing the overall corporate performance, validating the hypotheses of complementarity and synergy. Based on these findings, we have proposed specific strategies to promote the synergy between the two, aiming to help enterprises optimize resource allocation, strengthen market competitiveness, and achieve sustainable development. However, in practice, various challenges may arise, such as inconsistent goals and communication barriers, which need to be addressed through measures like enhancing communication, clarifying objectives, and improving systems. In the future, enterprises should continue to pay attention to and optimize their performance management systems to fully exploit the potential of the synergy mechanism and drive the continuous development of the enterprise.

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