

A Review of Performance Management in State-owned Enterprises and Private Enterprises in China

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Abstract: In order to improve profits, the theory of enterprise performance management has formed a corresponding theoretical framework and system. Enterprises can improve performance management methods based on their own situation. This research compares the differences between state-owned enterprises and private enterprises through literature review. The existing papers mainly focus on performance feedback and communication mechanisms, the application of performance management and corporate strategy, and the enthusiasm of employees to participate in performance management. The existing papers mainly focus on performance feedback and communication mechanisms, the application of performance management in line with company strategies, and the initiative of employees to participate in performance management. Neglecting the specific role of state-owned enterprises and not combining performance management with their social responsibility. In addition, the imperfect performance indicator system has also led to the problem of not being greatly influenced by subjective factors within the enterprise. The accuracy of performance evaluation in many enterprises is often influenced by human factors. The design of performance management evaluation indicators is not scientific, the evaluation is unfair, the concept of human resource management is lack of correctness, strategic planning, single evaluation results, ineffective use, lack of follow-up, and frequent communication in performance management; The recruitment and allocation of personnel are unreasonable, the construction of the management system is highly arbitrary, and there is a significant subjective bias in performance evaluation.

Keywords: state-owned enterprise, private enterprise, performance management

1. Introduction

Since the first industrial revolution, for-profit groups have gradually become the basic organizational unit of society. Its main goal is to pursue profit maximization, and performance is the basic standard and goal of corporate behavior. Performance management refers to a management method to achieve organizational goals by motivating and helping employees achieve excellent performance on the basis of the consensus between managers and employees on reaching goals and how to achieve them.

Research considerations of human resource management contribute to the analysis and systematization of the field. Analytical research methods, methods of framing research questions, roles of researchers, sampling procedures, data collection techniques, key theoretical contributions, theory building, focus of human resource management, quality indicators of data analysis contribute to the analysis and Systematization [1]. Human resource management needs to coordinate with managers, cooperate with employee satisfaction, decentralize power, and improve related reward and punishment measures [2]. The application of performance management in state-owned enterprises and private enterprises is different. Theoretically speaking, human resource management can be divided into ability model, emotional competitiveness model and personal characteristic model [3]. Capability has always been the competitive advantage of an enterprise [4]. After the introduction of the new evaluation system, employees' emotions will also change accordingly [5]. In practice, the performance index system of state-owned enterprises is not perfect, which can easily lead to a lack of objectivity within the enterprise. In private enterprises, there are situations where business leaders attach different importance to performance management, the performance management system is not perfect, and the process execution is not strict. Currently, the research gap in performance management mainly focuses on social responsibility in state-owned enterprises and high-performance work systems in small and medium-sized private enterprises and their relationship with organizational performance. This paper adopts the research method of literature review, and compares the differences, existing problems and solutions in the performance management of state-owned enterprises and private enterprises through literature analysis.

2. Performance Management of State-owned Enterprises

As an important tool and means of human resource management in modern enterprises, performance management plays an important role in strategic realization, talent development, and employee management [6]. Giving full play to the influence of performance management in state-owned enterprises and allocating employees' positions according to their personal qualities and abilities can effectively exert their personal strengths and innovative abilities, thereby opening up new prospects for the development of state-owned enterprises [7]. China's state-owned enterprises also actively use performance management to improve the growth of enterprise efficiency, but at the same time, China's state-owned enterprises also have shortcomings and drawbacks in performance management.

At present, there are still some problems in the performance management of state-owned enterprises. State-owned enterprises must attach importance to improving performance management, improve performance management methods based on their own conditions, improve employee work efficiency, and enhance their own competitiveness. The research on performance management of state-owned enterprises should be more comprehensive and complete.

2.1. The Problems and Reasons of Performance Management in State-owned Enterprises

About the problems in performance management of state-owned enterprises, simply understand performance management as performance appraisal. Performance management includes five parts: performance planning, performance implementation, performance appraisal, performance feedback and communication, and the application of performance results [8]. At present, there are still some problems in the performance evaluation, feedback, and communication mechanisms of state-owned enterprises in China. Communication is necessary and important in all processes of performance management, and performance feedback is an important part of performance management [9]. In the process of implementing performance management, some enterprises only focus on formulating performance plans, performance implementation, and performance appraisal, while ignoring performance feedback and communication, resulting in employee dissatisfaction.

The application of performance management does not conform to the actual situation of the enterprise. Some enterprises only focus on short-term economic benefits while ignoring long-term development when implementing performance management; There is also a very common phenomenon that performance management is only a matter of human resources departments, not all departments and all personnel involved in the matter. The design of performance management is not reasonable. Most state-owned enterprises usually conduct evaluations once a year, but in fact, different evaluation indicators require different cycles [10,11]. Performance feedback and communication were not timely, and there was a lack of motivation for employees.

Incomplete performance indicator system. Performance management is an effective tool for strategy implementation, which is a process of transmitting performance pressure and dispersing work tasks from top to bottom [12]. The content of performance management assessment in state-owned enterprises is not comprehensive enough, and there is a clear tendency to generalize. The main content of the assessment is only the performance of job objectives, without a good connection between personal objectives and enterprise objectives [13]. Performance management is an auxiliary means to achieve enterprise strategic objectives. It must be strategic oriented, based on job analysis, and combined with enterprise business processes to establish a performance indicator system [14].

Currently, there are many opinions on the human resource performance management of state-owned enterprises in China, but the research is not comprehensive. Most of the literature has studied the feedback and communication mechanisms of performance, while ignoring the issue that performance evaluation is greatly influenced by subjectivity. The accuracy of performance evaluation in many state-owned enterprises is often influenced by human factors and produces deviations, such as the halo effect, self like effect, centrality effect, and proximate effect that often occur within companies. Most of the shortcomings come from the subjectivity and one-side of the evaluation, and the results will inevitably affect the credibility and validity of the evaluation results [15]. The existing research on performance management in state-owned enterprises still lacks research on this issue.

In addition, most scholars have ignored the major issue of social responsibility of state-owned enterprises. Because of their special role in the economy, such as the need to maintain social stability, state-owned enterprises bear heavy policy burdens [16]. State-owned enterprises have the functions of stabilizing the national economy, meeting the political needs of development, and achieving macroeconomic regulation. However, state-owned enterprises cannot become pure economies that only pursue profits. Therefore, performance management of state-owned enterprises must comprehensively evaluate the interests of stakeholders based on the perspective of social responsibility, in order to fully reflect the idea of balanced performance management [11].

On the other hand, the solutions to the proposed problems are too idealistic, such as establishing a complete performance communication and feedback mechanism. The subjective impact of performance evaluation is not addressed, even establishing a complete performance communication and feedback mechanism will not be useful. In the second question mentioned in the above article, whether employees can actively participate in all aspects of performance management is not an objective matter that can be solved, but depends on their subjective initiative. Moreover, whether employees are willing to increase the frequency of assessment is also a major issue.

Through the general theory of performance management in state-owned enterprises, mainstream viewpoints based on systems theory, cybernetics, and behavioral science theories have been formed, and corresponding theoretical frameworks and systems have also been constructed [11]. However, there are still many outstanding issues. The research of some viewpoints lacks quantitative research, only studying individual enterprises to draw conclusions, and lacks strict research procedures. Existing papers focus more on research on performance feedback and communication mechanisms, the application of performance management in line with corporate strategy, and the initiative of employees to participate in performance management. Enterprises ignoring the specific role of state-

owned enterprises and not combining performance management with their social responsibilities. In addition, the imperfect performance indicator system leads to the problem that there are no objective indicators within the enterprise that are greatly influenced by subjective factors. In actual evaluation work, it is inevitable that there will be some unfair and non-objective evaluation results, or that the assessed have different opinions and opinions on the evaluation results [13]. Facing unfair treatment under subjective evaluation supervised by government officials, SOE executives may divert their time and effort from maximizing firm value to pleasing government officials and, in the process, forgo business opportunities [17].

2.2. Suggestions for Performance Management of State-owned Enterprises

In the future, the reform of performance management in state-owned enterprises should focus on solving the problem of achieving corporate social responsibility. Enterprises should establish and improve a performance management system for fulfilling social responsibilities. Enterprises should define the behavioral norms of the performance management system for fulfilling social responsibilities. Enterprises should enrich the ways and methods of fulfilling social responsibilities, and promote the release of information on fulfilling social responsibilities. Enterprises should establish a performance appraisal grievance mechanism Enterprises should establish smooth channels in the performance management process to allow employees to complain, maximize understanding and discovery of employees' dissatisfaction with evaluation and feedback, and then seek the reasons for dissatisfaction, in order to improve and improve their own performance management work [13]. Performance management is an important component of an enterprise's overall human resource management system. As an important pillar of the national economy, state-owned enterprises must go through the necessary path to ensure sustained growth and stable development in the future, enhance their core competitiveness, and establish and improve a coherent, effective, and feasible performance management system closely related to the enterprise's development strategy [18].

3. Performance Management of Private Enterprises

3.1. The Urgent Situation of Performance Management Research in Private Enterprises at Present

Unlike state-owned enterprises or state-owned private joint ventures in China, private companies are fully responsible for their profits and losses and receive financial help from the state only in rare circumstances. Therefore, it is particularly important to carry out reasonable and effective management and human resources coordination. Performance management is an important part of enterprise management and human resource management. Reasonable performance management can help enterprises stimulate the enthusiasm of employees, make more reasonable work allocation, and give full play to their talents in appropriate positions. A flaw in performance management would cause chaos in the management of the company [19]. Employees will also gradually lose their enthusiasm and work efficiency because there is no clear reward target and promotion system. In the long run, it will be devastating to the development of the company. As Zhang said before, an important task of human resource management is to attract, develop and retain talents and stimulate their work enthusiasm and creativity through incentive system, employee care activities and corporate culture publicity [20]. Performance management, as an important part of the incentive system, is particularly important at present. But these days, among the companies which have been worked with and consulted with, there is a big complaint that it is rare to see people who are satisfied with the current state of corporate performance reviews [20]. This is the embodiment of the urgent need for private enterprise performance management research.

3.2. Some Current Problems on Performance Management of Private Enterprises

At present, there are many opinions about human resource management of small and medium-sized private enterprises in China, but the research is not in-depth. Most of the literature holds that the private enterprise owners have low cultural level, low quality and backward concept. Although the existing literature touches on the internal management of small and medium-sized private enterprises, most of them describe and analyze the single practice status of human resource management. The research on high performance work system and its relationship with organizational performance in small and medium-sized private enterprises is still scarce [21]. While most of the current studies of this decade have made judgments and suggestions on the implementation of performance management in China's private enterprises.

Most scholars believe that there are the following problems in performance management in private enterprises: Leaders lack recognition of the connotation of performance management and cannot understand the purpose of performance appraisal, the design of assessment indicators is not scientific and the assessment is unfair, lacking of correct concept of human resource management and strategic planning, single assessment results not effectively used and followed up, a lot of poor communication in performance management, unreasonable personnel recruitment and allocation, strong arbitrariness in the construction of performance management system, large subjective biases in performance evaluation.

About the review of current research on performance management of private enterprises in China, at present, it is believed that many researches on the performance management of Chinese private enterprises have actually pointed out some problems existing in the performance management of these enterprises. Most of these studies have shown concerns about the problems existing in private enterprises, such as how much importance enterprise leaders attach to performance management, whether the performance management system is perfect, and whether the process is strictly followed. Most of the problems that research ultimately points to come from within the firms themselves, and the researchers' recommendations build on that. These conclusions and suggestions have some merits, but they cannot solve the current situation of performance management problems in China's private enterprises.

Many researchers have proposed the following solutions: strengthening managers' overall understanding of performance management, improving the organizational structure, salary management and performance appraisal system, comprehensive evaluation and selection of suitable examiners and assessment information, strengthening the publicity and training of performance management system, strengthening the development of corporate culture [20]. There are two deficiencies in these proposals. The first is that the recommendations are subjective relative to the enterprise, and the second is that there is no effective way to quantify the results of the implementation of these recommendations.

At present, the main body of performance management is the private enterprise itself, and it is the enterprise itself that implements these changes and finally conducts performance adjudication. Therefore, a situation similar to "the judge and the defendant are the same person" may occur. In this case, due to the different basic conditions of each enterprise, the actual work used to calculate performance is also different. Therefore, in the actual implementation of these proposed measures, due to the "insider" situation, it is easy to lead to the final system rectification is too subjective, and does not meet the actual needs of employees and company development.

Successful managers aim to mobilize the enthusiasm of each member and unleash their full potential. This helps maintain high morale, positive work efficiency, and effectiveness within the organization. Such efforts enable employees to achieve their optimal working state and foster a sense of satisfaction among them. This sense of satisfaction is crucial for both successful management and

the development of the enterprise [20]. However, it is also difficult to quantify the results of performance management reform because the result of performance management is the change of employees' work enthusiasm, employees' work status and the sense of identity of the enterprise. It is extremely common and normal for different employees and leaders to have different views or even disagreements on the same performance management program. As a result, the actual results of reform will be difficult to evaluate.

3.3. The Advice of Performance Management in Chinese Private Enterprises

At present, the research of performance management in private enterprises has made some achievements, but there are still many problems to be solved. In view of the problems existing in the performance management of private enterprises, more in-depth research and discussion are needed to find an effective way to solve the problems. In the future, the research on performance management of private enterprises should be carried out from the following aspects:

First of all, it is necessary to solve the problems of leadership cognition and understanding in the performance management of private enterprises. In private enterprises, leaders often have a wrong understanding of performance management. Therefore, it is necessary to study how to improve leaders' cognitive level, so that they can better understand the connotation and purpose of performance management, so as to develop more reasonable and effective performance management plans.

Secondly, it is necessary to know how to design evaluation indicators scientifically and reasonably, and establish a fair and just performance evaluation system. In performance evaluation, unscientific index design and unfair evaluation are often one of the key factors leading to failure of performance management. Therefore, it is necessary to study how to design evaluation indicators scientifically and reasonably, establish a fair and just performance evaluation system, and provide reasonable and effective performance management programs for enterprises.

In addition, it is necessary to explore how to closely integrate performance evaluation with human resource management and strategic planning to achieve the overall effectiveness of performance management. In the private sector, performance evaluation is often a single evaluation process, and the results are rarely fully utilized and followed up. Therefore, it is necessary to study how to closely combine performance evaluation with human resource management and strategic planning to realize the overall effectiveness of performance management, so as to improve the performance level of enterprises.

Finally, it is necessary to explore how to strengthen internal communication and personnel recruitment and allocation to avoid problems in performance management. There are a lot of communication problems in the performance management of private enterprises, and personnel recruitment and allocation are also unreasonable. These problems have seriously affected the performance level of enterprises. Therefore, it is necessary to study how to strengthen internal communication and establish a good communication mechanism. At the same time, it is also necessary to study how to conduct personnel recruitment and allocation in a reasonable and scientific way to avoid problems in performance management.

Future research will help to deeply explore the existing problems in performance management of private enterprises and propose more effective solutions. It is believed that in the future, more and more scholars and research institutions will join in the study of performance management of private enterprises, and make more contributions to the sustainable and innovative development of private enterprises in China.

4. Conclusion

By comparing the performance management of state-owned enterprises and private enterprises, the research summarizes the mode and problems of modern enterprise performance management, and puts forward corresponding suggestions. In order to establish objective and complete performance appraisal indicators and a fair performance appraisal mechanism, performance management should avoid subjective influence on performance results. Improving the employee incentive mechanism can improve employee enthusiasm.

There are still problems in the performance feedback and communication mechanism of performance management, objective performance evaluation indicators, and employee motivation. The cognition and understanding of concepts, the design of evaluation indicators, and the improvement of performance evaluation system need further research. The performance management of state-owned enterprises has insufficient comprehensive assessment content, sometimes only focuses on short-term economic benefits and neglects long-term development, and performance feedback and communication are not timely. The subjectivity and one-sidedness of the evaluation will affect the credibility and validity of the evaluation results. The accuracy of the performance evaluation of state-owned enterprises is susceptible to nature, and the performance management of state-owned enterprises must comprehensively evaluate the interests of stakeholders from the perspective of social responsibility, so as to fully reflect the concept of balanced performance management. However, there is not much literature on performance management related to social responsibility of state-owned enterprises in China. In private enterprises, there are problems such as that the leaders of the enterprises pay different attention to performance management, the performance management system is not perfect, and the process is not strictly followed. Studying performance management from the perspectives of problem recognition and understanding, strategic planning, internal communication, and fairness of evaluation indicators will make the development of performance management more comprehensive. This study preliminarily explores the problems and problem-solving approaches of performance management in state-owned and private enterprises in human resources. The limitation of this study lies in the limited number of literature. In the future, the concept of corporate social responsibility and performance management indicators related to performance management will be further developed.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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