RESEARCH ON THE PROBLEMS AND COUNTERMEASURES IN THE PERFORMANCE MANAGEMENT OF STATE-OWNED ENTERPRISES UNDER THE BACKGROUND OF DIGITAL TRANSFORMATION AND UPGRADING-TAKING Z COMPANY AS AN EXAMPLE

[1]Weijian Gan

Rangsit University, Thailand

weijian_G@gmail.com

Abstract

Under the background of building up a new development pattern, there would be a certain hinder to the target of sustainable development of the enterprises if we could not push the landing of the performance management of state-owned enterprises. Consequently, the paper explores the existing problems and the reasons for the performance management of Z Company based on analyzing the features of digital transformation and upgrade; besides, the paper also proposes correspondent reasonable suggestions and protective measures for the quality and level of performance management of state-owned enterprises.

Combined with the digital transformation and upgrade and the current situation of the performance management of state-owned enterprises.With the Z Company, for example, the paper analyzes the existing problems and the reasons for the performance management of state-owned enterprises under the background of digital transformation with literature research, a questionnaire survey and a combination of qualitative and quantitative analysis. Furthermore, there would be pertinently adoption of strategies and protective measures to enhance the competitiveness of state-owned enterprises. At the same time, the paper would also provide theoretical evidence for the undertaking of relevant practices in enterprises and the formulation of relevant policies.

Keywords: Digital Transformation, State-Owned Enterprise, Performance Management

---

[1]International Chinese College, Master of Business Administration, Rangsit University, Pathum Thani, Thailand

Introduction

State-owned enterprises, in addition to being one of the important sources of state revenue, are also an important part of promoting the country's economic development. Therefore, the healthy and stable development of state-owned enterprises is an inevitable requirement for the normal operation of the economy. The deepening of the market mechanism has brought about increasingly fierce competition between enterprises, which makes it possible for enterprises to face the risk of being eliminated from the market if they fail to keep up with current trends and strengthen their own strength. On the basis of the government's management of state-owned enterprises, enterprises themselves must also improve their own management level. Performance management level, as an important measure of an enterprise's overall management level, plays an important role in enhancing the core competitiveness of an enterprise and promoting the development of its employees. Therefore, improving the performance management level of state-owned enterprises is indispensable to achieve the long-term strategic goals of enterprises.

Therefore, this paper combines the characteristics of digital transformation and upgrading and the current situation of performance management in state-owned enterprises, and takes Company Z as an example for research. With the help of literature research method, questionnaire survey method and the combination of qualitative and quantitative analysis, this paper is devoted to analyzing the problems in the performance management of state-owned enterprises in the context of digital transformation and its causes; meanwhile, how to improve the performance management of state-owned enterprises in the context of digital transformation and upgrading and its corresponding guarantee measures are also explored.

Objectives

First, this paper is devoted to building a theoretical platform for the study of performance management of state-owned enterprises in the context of digital transformation and upgrading. Based on the combing of relevant literature, the concepts of digital transformation, state-owned enterprises and performance management are defined.

Second, this paper aims to analyze in depth the current situation, problems, and causes of SOE performance management in the context of digital transformation and upgrading, and to propose corresponding improvement strategies. In this paper, Company Z is used as a case study to deeply analyze the characteristics of digital transformation and upgrading, while the deficiencies in performance management of Company Z are discussed in depth through the questionnaire method and other methods, and the causes are discussed in depth to make suggestions.

Material and Method

1. Literature review

Lin Gengkun and Gong Qing (2021) analyzed the need for digital transformation of SOEs from four aspects: political, economic, social, and technological. They analyzed the market structure of Company X at the present stage using the "five forces" model. At the same time, they analyzed the disadvantages and advantages of SOEs in transformation and upgrading according to the SWOT model, and proposed the path of digital transformation for SOEs. Zhang Liang (2021) proposes that the digital economy is also increasingly becoming the core driving force of the national economy. Luzhou Laojiao Group, as a leading state-owned enterprise in Luzhou, has the need to actively pioneer innovation and utilize advanced technologies such as 5G, artificial intelligence, digital twin, and blockchain to achieve

productivity liberation. Qi Yudong, Du Bo, and Wen Xin (2021) et al. systematically explore the mechanisms and paths of embedding national missions into the digital transformation of SOEs based on the digital transformation practices of three central enterprises, as well as the model choices for digital transformation of SOEs under different mission orientations.Liao Jiacai (2021) proposed that with SOE national laboratories as the core engine function of technological innovation in digital economy, the formation of scientific data business models should be accelerated and the industrial application of common technologies for quality infrastructure should be advanced into; at the same time, it is necessary to adapt to the digital growth of service trade and the trend of unilateralization of U.S. policies, and accelerate the establishment of a risk assessment mechanism for the value preservation and appreciation of state-owned assets.

2. Research hypothesis

In this paper, the purpose and significance of the study are firstly clarified and the relevant concepts and theoretical foundations are elaborated, and then a theoretical platform for the study of performance management of state-owned enterprises in the context of digital transformation and upgrading is built. On this basis, this paper is devoted to analyzing the current situation of performance management in Company Z in the context of digital transformation, analyzing the problems and their causes from it, and proposing rationalized suggestions for improving performance management in Chinese state-owned enterprises.

This paper explains the relevant concepts and theoretical foundations. Based on the definition of the concepts of digital transformation, state-owned enterprises and performance management, the theoretical foundations of motivation theory, three pillars of human resources theory, performance management theory, and enterprise informatization theory are elaborated. This paper also conducts a status quo analysis to explore the problems and their causes in the performance management of state-owned enterprises in the context of digital transformation and upgrading through questionnaire survey method, case study method, and a combination of quantitative and qualitative analysis based on the analysis of digital transformation characteristics and performance management SWOT analysis.

Introduction of Company Z: CHINA Construction First Division Group (hereinafter referred to as Company Z) is the 13th largest investment and construction group in the world in 2021. Headquartered in Beijing, it was established in 1953 and its core competencies rank among the top in the world.

Results and Discussion

1. Characteristic analysis of digital transformation and upgrading.

1.1 Characteristics of human resource management of Company Z in the context of digital transformation and upgrading. In the context of digital transformation and upgrading, the difference between HRM characteristics HRM of Company Z before and after digital transformation and upgrading is mainly reflected in three changes in HR analysis system, HR work and HR structure and concept.

1.2 Application levels of digital transformation. There are three application levels of digital transformation, which are information level, digital level and intelligent level. When in the informatization level, the core work at this time is to realize the information sharing among enterprises. The digital level requires sensing employee behavior and building a digital portrait that reflects the credible state characteristics of employees. At the intelligent level, the core work is to build an algorithmic model for decision making.

2. SWOT analysis of performance management in Company Z

Due to certain threats in the performance management of Company Z, its talent turnover and the operation order of its human resource management system became chaotic. Therefore, only by integrating organizational strategic planning with human resource planning

can employee satisfaction and loyalty be improved to a certain extent, and employee motivation can be effectively enhanced. Although Company Z has taken the initiative to "synchronize" its performance management approach and platform with the company's strategic development, the linkage between the two is still at a "two-way" level. In addition to its talent structure to be optimized, its strategic investment, network information technology, new material engineering, structural construction and other professional talents need to be strengthened and trained to improve their knowledge and application of performance management. And because performance management talents have a serious lack of understanding of digital technologies such as big data, Internet and artificial intelligence, the office is biased toward paper-based. At the same time, the short start of the digital system platform and the insufficient number of related talents led to the insufficient momentum of its own digital industry and technology development, and the existing platform could not meet Company Z's requirements for innovation and development; meanwhile, there were problems with Z's talent development mechanism. In terms of human resource management, Company Z lacks long-term strategic planning, and the mechanism of talent training, introduction, use and evaluation and incentive needs to be improved. It is these shortcomings that cause the large flow of talents in some positions, and there are certain problems in the flow of talents in other positions.

3. Questionnaire Distribution of sample characteristics

Sample Characteristics		Number of people	Percentage
Gender	Male	85	64.4%
	Female	47	35.6%
Age	30 years old and below	37	28%
	31-40 years old	52	39.4%
	41-50 years old	34	25.8%
	50 years old and above	9	6.8%
Education	Graduate student and above	18	13.6%
	Undergraduate	55	41.7%
	College	51	38.6%
	High School and below	8	6.1%
Title Rank	Senior Management	7	5.3%
	Middle Management	14	10.6%
	Grassroots and other personnel	111	84%
Years of work	Less than 1 year	27	20.5%
	1-2 years	33	25%
	2-3 years	51	38.6%
	More than 3 years	21	15.9%

Grade distribution table

Average score per question	Grade
4.5 points or more	Excellent
3.5-4.5 points	Good
2.5-3.5 points	Moderate
Less than 2.5 points	Poor

Statistical results of the questionnaire survey on performance management in Company Z

Question No.	Type of questions in the questionnaire	Average score	Grade
	Relevance of performance management to the company's development strategy		
	Employee' understanding of and participation in performance management		Moderate
7、8	The role of performance appraisers in performance appraisal		Moderate
9、10	The scientific nature of performance indicators	2.53	Poor
11、12	The motivation of performance management to employees	2.77	Moderate
13-15		2.46	Moderate
16、17	Fairness, impartiality and scientificity of performance management system	3.32	Poor
18-20	The development and role of performance interviews	3.11	Poor
21、22		2.45	Moderate
23	The role of performance appraisal results on employee performance improvement	2.39	Moderate
24		2.87	Moderate
25-26	Employee's satisfaction with the performance management system	2.95	Moderate
27-28		2.88	Poor
	Employees' satisfaction with the authenticity of performance appraisal	2.44	
	Employees' understanding of performance appraisal		
Total		**24.85**	

Based on the results of the data obtained from the questionnaire survey, this paper conducts relevant summary analysis. Combined with the communication interviews with the employees of Company Z, the problems in the performance management of Company Z under the background of digital transformation and upgrading are summarized and categorized.

Assumption Verification

1. Lack of management awareness of the role of performance management systems

Given that the starting point of performance evaluation is to improve efficiency, distribution is not the ultimate point of performance evaluation. Qualified performance evaluation is required to enhance the simultaneous development of the company and employees, and to improve performance by parsing the causes. However, in the actual management process, we found that a small number of managers in Company Z had a misconception about the role of performance management. They often think that performance appraisal results only provide reference for the allocation of performance bonuses and ignore the application of performance appraisal in promotion, training and job adjustment. Therefore, they do not attach importance to performance appraisal in both subjective and objective aspects.

2. Lack of a strong performance management mechanism

The special characteristics of the state-owned enterprise industry and its system must make the improvement of the performance management mechanism for employees of Company Z affected by the national policies and the relevant systems and regulations within the enterprise. In China, the current policies and systems have a lot of influence on the management of Company Z, which to a certain extent hinders the establishment and improvement of the mechanism related to performance management in Company Z.

3. Lack of management talents with data analysis ability

Although the talents related to data and information analysis are highly specialized, they generally do not have a deep understanding of modern HR theories; on the other hand, although new employees have new ideas, new thoughts and rich theoretical knowledge, they are relatively inexperienced in management skills and experience. As far as management work is concerned, the direction of performance management will be inaccurate in case that managers do not pay much attention to it and do not give enough corresponding guidance and support.

4. Lack of strong safeguards

Performance feedback, communication and interviews provide strong guarantees for the achievement of performance goals, but the specific implementation and management system of these links in Company Z is not perfect. It is implemented very infrequently in terms of inspection, tracking and guidance. Once problems arise, they are more likely to be solved by each department on its own, and the overall situation is rather chaotic. The level of implementation varies, which in turn leads to these methods not being fully effective in achieving performance goals.

Conclusion

1. The analysis of the current situation of performance management in Company Z reveals that there is still room for improvement in the process of performance management in Company Z. Firstly, because the company's performance appraisal objectives are not highly related to the corporate development strategy objectives, the employees do not have a deep understanding of the corporate development strategy; secondly, the company's performance index items are not set scientifically enough, and the design of index weights also has certain problems; at the same time, the way and method of index evaluation are not objective enough; in addition, because the company's performance feedback and performance result application are not reasonable, the employees are not satisfied with the current performance management system. Finally, the use of intelligent tools in the whole performance management process is not enough and does not meet the requirements of performance management in the digital background.

2. The analysis of the questionnaire and the study of the current situation of Company Z reveal the problems of performance management in Company Z in the context of digital transformation and upgrading. These problems include: poor fit between performance management objectives and company strategy; subjectivity in performance appraisal; lack of timeliness and reliability in feedback and application of performance appraisal results; low intelligence in performance management; and insufficient employee participation in the performance management process. On this basis, this paper further analyzes and concludes that the reasons for the problems of performance management in Company Z are the lack of understanding of the role of performance management system by the management; the lack of strong performance management mechanism; the lack of management talents with data analysis ability; and the lack of strong guarantee measures.

3. After a profound analysis of the performance management problems and the causes of the problems in Company Z, this paper further proposes the following strategies about the performance management improvement of state-owned enterprises in the context of digital transformation and upgrading. These are the five points of organically integrating performance

goals with strategic goals, improving the scientificity of performance indicators, strengthening the application of performance feedback and assessment results, introducing intelligent performance management methods and means, and enhancing the awareness of employee participation, respectively. On this basis, specific guarantee measures for the implementation of the four-point strategy are proposed, which are about the five major aspects of comprehensively improving the level of understanding of the performance management system by the superior leaders; optimizing human resource planning; improving the performance management mechanism; improving the information literacy of the performance appraisal team; and establishing a performance-oriented corporate culture.

References

Cao Wei (2021). Re Design of the Performance Management System for Grass-roots Employees of Company W (Master's Thesis). Northwest University, China

Cui Sen (2015). Research on the Influencing Factors of Digital Transformation of Service-Oriented Enterprises (Master's Thesis). Changchun University Of Technology, China

Feng Jiaojiao (2021). Thinking on Innovation of Human Resource Performance Management in Public Institutions under the Background of Big Data. Money China, (33), 197-198.

Cao Li (2021). Re Design of the Performance Management System for Grass-roots Employees of W Company (Master's Thesis). Northwest University, China

Gu Ying (2016). The Construction of Human Resource Performance Management System China. Global Business, 2016(16), 76.

Guo Yunwu (2018). Research on the Relationship Between the Two-Dimensional Capabilities and Performance Of Small And Medium-Sized Enterprises In Digital Transformation (Master's Thesis). Zhejiang University, China

Jia Jia (2021). Research on the Optimization of Sales Personnel Performance Management in Company Z. Modern Marketing (Xueyuan Edition), (07), 130-131

Jinbei (2004). On the Fundamental Reform of State owned Enterprises. Beijing: Beijing Press

Li Jian (2007). Improvement and Redesign of the Performance Management System of Baoti Group Co., Ltd. (Master's Thesis). Hebei University of Technology, China

Li Meijun (2020). The Role of the Three Pillar Model in the Transformation and Upgrading of Human Resource Management. Modern Business, 2020 (20), 80-81

Li Xiaofei (2021). Research on the Optimization of Performance Management System of Z Automobile Transportation Company (Master's Thesis). Qingdao University, China

Li Xiaomei (2013). Research on the Improvement of Performance Management of Grass roots National Tax Departments Based on PDCA Cycle (Master's Thesis). Shandong University, China

Li Xinhua, & Wang Wei (2021). Enterprise Performance Management Based on Balanced Scorecard Modern Enterprise, (06), 30-31

Liao Jiacai (2021). Research on the Value Maintenance and Appreciation of State-Owned Enterprises' Assets in the Context of Digital Economy -- From the Perspective of National Quality Infrastructure. Social scientist, (03), 97-103

Lin Gengkun,&Gong Qing (2021). The Current Situation and Breakthrough of Digital Transformation of State-Owned Enterprises. Journal of Shandong Electric Power College, (05), 40-43+61.

Lin Kan. (2021). Research on the Problems and Countermeasures of Performance Appraisal in Human Resource Management of State-Owned Enterprises. China Market, (07), 93-94.

Lin Yiyun (2021). Research on Performance Management System Optimization of Xiamen A Advertising Company Based on Balanced Scorecard (Master's Thesis). Huaqiao University, China

Liu Beini (2015). Research on the "Achievement Points" Self selected Incentive Mechanism for Scientific and Technological Innovation Talents in Enterprises. Human Resources Development of China, (22), 25-30.

Liu Huimin (2021). Research on the Optimization of Performance Management System of Small And Medium-Sized Private Enterprises (Master's Thesis). Shanxi University, China

Liu Huimin (2021). Research on the Optimization of Performance Management System of Small and Medium-Sized Private Enterprises (Master's Thesis) Shanxi University, China

Liu Pengfei (2018). Digital Transformation of Traditional Industries People's Forum, (26), 87-89

Liu Ying (2016). From HR to Business Partners -- On the Construction and Development of HRBP Competency in the Reform of Human Resource Management. *Office Operation*, 2016 (15), 134+136

Lu Tao (2018). Performance Management in Engineering Project Management (Master's Thesis). Southwest University of Science and Technology, China

Ma Haigang, Peng Jianfeng, & Xi Nan (2017). HR+Three Pillars: Transformation and Upgrading of Human Resource Management and Practical Innovation. Beijing: China Renmin University Press

Meng Fansheng,&Zhao Gang (2018). Research on the Influencing Factors of the Development from Traditional Manufacturing to Intelligent Manufacturing. Science & Technology Progress and Policy, (01) , 66-72.

Ni Chenglin, Zhou Chuhuang, Huang Jiwei,&Liu Minluan (2021). Thoughts and Suggestions on Digital Transformation and Upgrading of Ceramic Industry. Foshan Ceramics(11), 38-41.

Nie Qili (2020). Optimization of HRBP growth path of Internet enterprises. Modern Marketing (Business Edition), 2020(04), 153-154.

Qi Yudong, Du Bo,&Wen Xin (2021). Digital Strategic Change of State owned Enterprises: Mission Embedding and Mode Selection -- A Case Study based on Typical Digital Practices of Three Central Enterprises. Journal of Management World, (11), 137-158+10.

Qiu Haoran,&Xu Hui (2022). The Impact of Digital Transformation on the Performance of Agricultural Enterprises. Statistics and Decision, (03), 90-95.

Ren Xueping (2020). Research on Digital Transformation Strategy of Retail Business of Commercial Banks (Master's Thesis). Lanzhou University, China

Song Haiping (2015). Research on the Performance Management Strategy of the Existing Building Facilities Organization of Company H (Master's Thesis). Beijing Jiaotong University, China

Song Mingyuan (2022). W Research on the Optimization of the Performance Evaluation System of State owned Enterprise Salesmen (Master's Thesis). Shandong University of Finance and Economics, China

Sun Qiuhong,&Zhang Suhua (2000). Multi Dimension Dynamic Evaluation. Human Resources Development of China, (02), 28-29.

Wan Rong. (2013) Introduction to Commodity Science. Beijing: China Renmin University Press

Wang Danshi, &Wang Rongbo (2021). The Current Situation, Problems and Suggestions of Digital Transformation of Coal Enterprises. China Coal, (12), 7-11.

Wang He. (2014). Optimization Design of Performance Evaluation of National Tax System in C City (Master's Thesis). Jilin University of Finance and Economics, China.

Wang Hua. (2018). Digital Transformation Needs and Practices of Oil and Gas Companies. Computers and Applied Chemistry, (01), 80-86.

Wang, Xiaoyan. (2016). An Analysis and Design of a Data Integration Tool Based on Heterogeneous Data Integration. Office Automation, 21(01), 56-59+20.

Wei, Xiangming, & Zeng, Yuyang. (2020). A New Path Analysis of Enterprise Performance Management Creation in The Context Of Big Data. Enterprise Reform and Management, (24), 113-115.

Xi, Jingwen, & Zhang, Zhengtang. (2016). Key Elements for Enterprises to Build Human Resources Shared Service Centers - COST model. Human Resources Development of China, 2016 (12), 36-33+39.

Xu Huan. (2013). Research on the Performance Management of Grassroots Employees in Military Institutions (Master's Thesis). Shanghai Normal University, China.

Xu Meirong. (2016). Employee Satisfaction Measurement and Improvement Strategies in the Context Of Restructuring of Corporation S (Master's Thesis). Shandong University of Finance and Economics, China.

Xue Yanbo (2020). Discussion on Performance Management of Construction Enterprises in the Context Of Big Data. Times Economy and Trade, (14), 76-77

Yang Xiaoqing (2017). Optimization Design of Performance Management Scheme of Company H (Master's Thesis). Shandong University, China

Ye Rensun (2005). An Analysis of the Motivation of the Turnover of Employees in State owned Enterprises (Doctoral Dissertation). Southwest Jiaotong University, China

Yuan Yi. (2021). Optimization of Performance Management System in Beijing Fangdian Company (Master's Thesis). North China Electric Power University, China.

Yuan Yong. (2017). Research and Application of CMS for Universities Based on Linux Platform. Wireless Internet Technology, (08), 135-136.

Zhang Dingkun. (2001). Human Performance Technology and Its Application in Enterprises. Chinese Journal of Management Science, (02), 75-80.

Zhang Guannan. (2012). Philosophical Reflection on the Cultural Construction Of Contemporary Chinese State-Owned Enterprises (Doctoral Dissertation). Jilin University, China.

Zhang Li. (2016). Performance Management - a Control Tool for Execution. Modern Economic Information, (07), 29.

Zhang Liang. (2021). Digital Transformation Empowers State-owned Enterprises to Accelerate High-quality Development. Data, (012), 32-35.

Zhang Rong (2015). Some Views on Modern Human Resource Management in State-owned Enterprises. *New Silk Road (late)*, (09), 64-65

Zhang Weicheng. (2021). A Study of Talent Recruitment in Northeast C Aerospace Companies (Master's Thesis). Sichuan Normal University, China.

Zhang Xianfeng. (2011). A Theoretical and Empirical Study on the Performance of State-owned Enterprises (Doctoral Dissertation). Jilin University, China.

Zheng Fanghui, & Liao Pengzhou. (2013). Government Performance Management: Goals, Positioning and Top-level Design. Chinese Public Administration, (05), 15-20.

Zhu, Xuying, & Zhao, Liang. (2018). An Analysis of the Construction Path of e-HR System Based on "Three Pillars" Theory. Journal of Gansu Normal Colleges, 23(02), 104-107.