



Research on the Integration Path of Enterprise Performance Management and Incentive Mechanism

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Abstract. Enterprise performance management and incentive mechanism are interdependent and mutually reinforcing. The results of performance appraisal serve as an important basis for enterprises to implement incentive measures, and only scientific and reasonable performance appraisal can guarantee the effectiveness of the incentive mechanism. A sound incentive mechanism, in turn, acts as a critical means to motivate employees and improve the overall performance of an enterprise. The two are therefore complementary and indispensable. On this basis, this study discusses the integration of enterprise performance management and incentive mechanism.

Keywords: Enterprise Management; Performance Management; Incentive Mechanism; Integrated Management

1 Introduction

In modern enterprise management, the integration of performance management and incentive mechanisms holds significant value. Firstly, it enhances overall business efficiency by clarifying job objectives and assessment criteria, combined with scientific incentive methods, effectively stimulating employees' enthusiasm and creativity, and encouraging them to improve work methods and efficiency. Secondly, this integration strengthens employees' sense of belonging by incorporating their career development and growth needs into the evaluation system. Through diversified incentives and clear career paths, it boosts employees' identification with the company and organizational cohesion. Finally, it promotes continuous optimization within the enterprise, helping managers identify issues promptly and formulate improvement measures, while encouraging employee innovation, thereby driving sustainable development.

2 Connotation and Value of Performance Management and Incentive Mechanism

2.1 Connotation of Performance Management and Incentive Mechanism

Performance refers to the actual achievements made by members of an organization through specific work behaviors within a given work cycle, and directly reflects the operational effectiveness of an enterprise. Corporate performance covers operational profit, product quality, team efficiency and other management links and operational elements. The ultimate goal of implementing performance management is to continuously optimize work processes, clarify work requirements, align the work direction of employees and teams with the development goals of the enterprise, and enhance the overall operational level of the enterprise.

Incentive mechanism is a management method for enterprises to stimulate employees' work initiative, which mainly includes external incentives and internal incentives. This study focuses on internal incentives: material incentives such as reasonable salary distribution, bonus payment and welfare provision to match employees' efforts with corresponding material returns and stimulate their work enthusiasm; besides material incentives, spiritual incentives are also included to meet employees' psychological needs and self-realization, including public recognition, professional affirmation, appropriate authorization and honor granting, so that employees can perceive the value of their work and take the initiative to improve work efficiency^[1].

It should be noted that performance management is not simply performance appraisal. It represents a consensus reached between enterprises and employees on work objectives, implementation processes and appraisal standards. The implementation of performance management needs to cooperate with incentive measures to guide employees to proactively improve their professional competence. Enterprises should avoid simply linking performance with material incentives, otherwise such a one-sided management approach will lead employees to misunderstand performance management and hinder the long-term development of the enterprise.

2.2 Integration Value of Performance Management and Incentive Mechanism

In modern enterprise management, the integration of performance management and incentive mechanism is mainly valuable in the following aspects:

First, improve the overall operational efficiency of the enterprise. The in-depth integration can clarify work objectives and appraisal criteria for each position, set a clear direction for employees, and fully stimulate their initiative and creativity through scientific incentives, encouraging them to improve working methods and efficiency, thereby lifting the enterprise's overall operational benefits.

Second, strengthen employees' sense of belonging. The integration ensures that performance appraisal no longer focuses solely on employees' performance results, but also takes into account their personal career development and growth needs. Diverse incentives and clear career paths meet employees' personalized development demands,

make them feel valued and cared for, strengthen their identification with the enterprise, and enhance the overall cohesion of the organization.

Third, promote continuous optimization of the enterprise. The market environment is dynamic, and employees' growth needs are increasingly diversified, so enterprise performance management and incentive mechanisms should be optimized accordingly. The integration helps managers identify problems in management in a timely manner and formulate targeted improvement measures. In addition, a scientific incentive mechanism encourages employees to innovate boldly, providing sustained impetus for the sustainable development of the enterprise.

3 Integration Principles of Performance Management and Incentive Mechanism

The integration of performance management and incentive mechanism is not a simple superposition of the two management tasks, but a mutual coordination and promotion to achieve a synergistic effect. Therefore, the integration shall follow the principles below:

3.1 Principle of Fairness

Fairness directly affects employees' work enthusiasm and is closely related to the corporate working atmosphere. If employees perceive an imbalance between work input and return, or inconsistent appraisal standards, their work initiative will decline. Fairness thus determines the credibility and implementation effect of enterprise management.

Performance appraisal and incentive distribution shall apply unified standards and rules to all employees. The results of performance appraisal and the allocation plan of incentive measures shall be open and transparent to accept supervision from all employees. Enterprises should formulate clear and quantifiable performance appraisal standards with specific indicators, processes and methods, ensuring that every employee can understand and accept them. In the implementation of incentives, rewards and punishments shall be strictly based on appraisal results. Non-material incentives such as promotion, training and development opportunities shall also follow the principle of fairness, so that employees can truly feel that their value is recognized.

3.2 Principle of Incentive

The ultimate goal of performance management is not to judge employees' past performance, but to stimulate work enthusiasm and tap personal potential by combining with the incentive mechanism. Therefore, the integration must follow the principle of incentive to give full play to the guiding role of incentives.

Different incentive measures can be adopted according to employees' work performance: for outstanding employees with excellent performance, priority promotion or

high-end professional training can be provided to encourage them to maintain high performance; for employees with average performance and unremarkable competence, basic professional training can be arranged to improve their skills with proper encouragement; for employees with positive working attitude but ordinary ability, recognition should be given to their attitude, and help should be provided to find shortcomings and improve performance.

3.3 Principle of Systematization

The integration of performance management and incentive mechanism should not be limited to a single work link or method, but planned and designed from the perspective of the overall development of the enterprise, following the principle of systematization to coordinate various management measures and build a complete management system.

In practice, enterprises should communicate work conditions with employees in a timely manner, feedback performance problems, and adjust incentive plans according to reality to ensure the flexibility and pertinence of the two mechanisms. Incentive measures should be formulated based on employees' personal development needs, job responsibilities and team goals, ensuring the orderly progress of overall management and giving full play to the synergistic effect of integration^[2].

4 Integration Path of Performance Management and Incentive Mechanism

4.1 Formulate Goals at Different Levels

In enterprise operation and management, the consistency of goals among the enterprise, departments and individuals is essential to achieve the ultimate goal of profit maximization. Therefore, hierarchical goal-setting is required to align the goals of the enterprise, departments and individuals in the integration process.

First, clarify the overall enterprise goals. The overall goals cover market layout, profitability, brand building and other aspects, which form the foundation for the integration of performance management and incentive mechanism. Enterprises should comprehensively analyze the external market environment, identify their own competitive advantages and development shortcomings, and provide a clear path for development through definite and achievable overall goals. Enterprises should publicize the goal-setting process so that every employee can fully understand the significance and implementation path of the goals, and take the initiative to align personal work with the overall enterprise goals. Regular staff meetings, departmental meetings or one-on-one communication can be held to convey the enterprise's development vision. Targeted communication methods and contents should be adopted for employees in different positions and levels to ensure their active participation in achieving enterprise goals.

Second, define departmental goals. Each department shall set quantifiable goals based on the overall enterprise goals and in light of its own work characteristics and

specific responsibilities. Department heads shall communicate with employees to clarify the division of responsibilities and build an efficient working team.

Third, set personal goals. Personal goals shall be decomposed from departmental goals and refined into specific work tasks with quantifiable indicators. Personal goals should be appropriately challenging to stimulate employees' potential, avoiding excessively high or low goals that undermine work enthusiasm. The aligned efforts of the enterprise, departments and individuals will drive the sustainable development of the enterprise^[3].

4.2 Establish a Regular Performance Feedback Mechanism

Regular performance feedback helps employees understand their work performance in a timely manner, identify existing problems, and put forward opinions and suggestions on performance appraisal and incentive mechanism, thus stimulating their work enthusiasm and improving job satisfaction.

A regular performance feedback mechanism can be established from the following aspects:

First, clarify feedback standards. Feedback content shall conform to the enterprise's development goals and job requirements, specify employees' strengths and areas for improvement, and maintain certain flexibility to adapt to personalized scenarios of employees in different positions.

Second, ensure timely feedback. Feedback should be provided immediately after employees reach a work milestone or encounter problems, helping them adjust working methods timely and avoid the accumulation of issues; delayed feedback will lose its guiding significance^[4].

Third, implement two-way feedback. Performance feedback is not a one-way evaluation from superiors to subordinates. Employees should be encouraged to feedback opinions and suggestions to management, and mutual feedback among colleagues is also encouraged. The two-way feedback mechanism avoids one-sidedness and enhances employees' sense of participation.

Fourth, maintain continuous feedback. Performance feedback is not a phased task, but a regular management method that runs through the entire performance management process. Only a continuous feedback mechanism can provide employees with sustained valuable guidance and help them continuously improve work efficiency.

4.3 Build an Inclusive and Supportive Internal Corporate Culture

An inclusive and supportive internal corporate culture provides an environmental guarantee for the in-depth integration of performance management and incentive mechanism. A sound corporate atmosphere can strengthen employees' sense of belonging and promote their professional growth. Such a culture can be built in the following ways:

First, adhere to the people-oriented management philosophy and fully pay attention to employees' personal needs. Performance management should abandon the one-sided idea of emphasizing performance over humanity, attach importance to employees' career development needs, and provide more training opportunities and promotion space

through incentive mechanisms to help employees achieve personal growth and enhance their loyalty to the enterprise.

Second, encourage open communication. An open and transparent communication atmosphere should be created in all departments and teams, allowing employees to express their ideas freely and boldly. Managers should actively listen to employees' demands and respond to their inquiries in a timely manner. Teamwork should be emphasized to promote mutual support and cooperation among employees, and strengthen the overall cohesion of the enterprise.

Third, advocate a fault-tolerant culture. Innovation is the driving force of enterprise development, but mistakes and failures are inevitable in the process of innovation. Enterprises should advocate a fault-tolerant culture, create an innovation-friendly atmosphere, define the boundary of reasonable mistakes, and encourage employees to try new methods and ideas without worrying about penalties for failure, so as to continuously inject innovative impetus into enterprise development^[5].

Fourth, give play to the exemplary role of management. As practitioners and communicators of corporate culture, management directly influences employees' work attitude. Therefore, management should take the lead in practicing inclusive and supportive cultural concepts and influence employees with practical actions to support the integration of performance management and incentive mechanism.

5 Conclusion

In summary, the integration of enterprise performance management and incentive mechanism is an important means to promote the sustainable development of enterprises. Their organic integration can fully stimulate employees' work enthusiasm, tap their work potential, and enhance their sense of belonging, so as to comprehensively improve the operation and management performance of the enterprise. In practice, enterprise managers should constantly update management concepts and technical means to better realize the value of the integration of the two mechanisms.

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