

Research on the Application of Key Performance Indicators in Enterprise Performance Management

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Abstract

Performance management is a simple and effective management method, which can enable employees to actively pursue the concept of self-improvement, so as to realize the common development of themselves and enterprises. A performance management system that can effectively improve the level of employees requires enterprises to give a reasonable performance index to ensure that performance management can play a positive role. Therefore, this paper makes a comprehensive analysis of key performance indicators (KPI), points out the possible problems in most enterprises, and gives the corresponding solutions.

Keywords

Key Performance Indicators; Enterprises; Performance Management; Effective Application.

1. Introduction

As the most basic employee evaluation standard, key performance indicators must be quite rigorous and scientific. Because only when the evaluation standard is reasonable, the employee evaluation can play the role of motivating employees, and employees are more willing to accept this benign evaluation. Key performance indicators clearly and in detail divide the responsibilities of each post, and assign different tasks according to different post functions. In this way, employees can deepen their impression of different post functions, so as to optimize the cooperative relationship between different posts.

2. Overview of Key Performance Indicators

The key performance indicator represents an analysis result in the enterprise. This analysis is obtained through a model system with calculation and analysis ability. By setting the correlation coefficient in the system, we can get a result used to evaluate the performance of employees in their posts, that is, the key performance indicator [1]. This effective quantitative management index feeds back the contribution of relevant departments and employees to the enterprise objectives. In the process of measuring the contribution of each department or employee, it also shows the completion progress of the enterprise's objectives. The higher the object's key performance indicators, the better the completion. The enterprise can set the evaluation content according to the key performance indicators. However, some enterprises often expose some imperceptible problems in the process of assessing employees. At this time, enterprises can specify solutions according to everyone's different situations. Key performance indicators can be divided into two categories according to their different properties. One category can be evaluated according to the detailed data on paper, such as income indicators; The other is some abstract aspects, such as customer satisfaction with service.

3. Role of Key Performance Indicators

As we all know, it is the key to optimize the performance of each department of the enterprise, so as to improve the performance of each department as much as possible. This way starts from the inside of the company and actively and effectively mobilizes each post by manipulating key performance indicators, which not only deepens the employees' understanding and cognition of their own posts and related posts, but also makes the employees' work direction basically the same as the company's strategic plan and develop in a direction conducive to the company. At the same time, whenever the company's strategic plan is adjusted, the relevant performance indicators can also be changed to transfer the work direction of employees, and finally complete the enterprise's strategic plan.

In addition, it is worth noting that key performance indicators do not represent the complete career performance of an employee. They only represent a part of the work process that is more vulnerable to the influence of employees themselves. In the analysis of the whole enterprise development process, many factors are not affected by human factors. This part is called external factors, which are mainly affected by policies, markets and so on. What employees can control, such as turnover, is called internal cause. Key performance indicators represent internal factors, so that employees' professional performance can be protected from external factors as much as possible, which is quite appropriate for the parameters only used to assess employees, and ensures that the assessment tasks of each employee are fair and just [2].

4. Deficiencies in the Application of Key Performance Indicators in Enterprise Performance Management

4.1. Too Many Assessment Indicators

In the process of key performance appraisal task distribution, if there are too many subdivisions of the task, it is easy to get inaccurate conclusions. In some enterprises, this situation often occurs, which makes the key performance appraisal not play its due role, which requires the enterprise performance managers to purposefully allocate, reasonably reduce or adjust the indicators. On the contrary, arranging too diversified appraisal tasks will not achieve the desired effect, but will cause the disgust of employees, which is counterproductive.

4.2. Unreasonable Design of Qualitative and Quantitative Assessment Indicators

In the process of key performance appraisal task distribution, unreasonable situations often occur, such as the task is too simple or complex. Too simple tasks will lead to insufficient number of evaluable samples, which is not objective enough for each employee participating in the assessment, and is not enough to meet the requirements of the enterprise for the overall strength of employees. If qualitative assessment indicators are used as assessment criteria, the source of samples is too harsh to analyze from the perspective of big data. If quantitative assessment indicators are used, the data sources are extensive and arbitrary, which is not rigorous enough, and the authenticity of the assessment results needs to be discussed. The assessment of such employees is also affected by some luck, so it is difficult to measure the achievements of each employee from the perspective of the enterprise.

4.3. Lack of Communication and Assessment Indicators between Different Departments

Under the existing scoring standards of most enterprises, there are almost no key performance indicators set up for departmental cooperation or communication. This neglect is quite disadvantageous to enterprises, which leads to only necessary work handover between many

departments and lack of opportunities for more understanding and cooperation. For a long time, this relationship will cause enterprises to miss many possible opportunities.

4.4. lack of Pertinence of Key Performance Indicators

When an enterprise publishes the corresponding key performance tasks, if two or more departments are involved, the key performance indicators will be affected by different departments to varying degrees, and the more people participate, the greater the impact, which will interfere with the performance evaluation of each department or employee by the enterprise performance managers. Especially in terms of benefits, different departments have different division of labor, and it is difficult to define the amount of individual contribution only from a systematic perspective, which requires enterprise performance managers to consider it carefully at the beginning of design.

5. Application Strategy of Key Performance Indicators in Enterprise Performance Management

5.1. Establish Corresponding Key Performance Indicators

When constructing the key performance indicator evaluation system, we should reasonably arrange the key performance indicator parameters according to the actual situation, different nature and different angles. According to the analysis results of the specific situation of most enterprises in today's environment, we can choose the key performance indicator parameters from the following aspects:

- 1) select routine work indicators. In the construction of key performance indicator system, routine work indicators should be paid first attention, because this task with many repetitions can well reflect the work efficiency of a post and the work ability of each employee, such as the efficiency of the operation Department in dealing with problems and the efficiency of promoting products. However, one thing needs to be clear. When selecting conventional work indicators, it is best to take into account the working environment and post nature of employees, so as to ensure that conventional work indicators can correctly reflect the performance indicators of employees under normal work and avoid "air attic".
- 2) divide the key performance indicators by stages. In reality, enterprise performance managers should divide the performance objectives into two types according to the enterprise strategic plan. One is the short-term index, which is mainly used as the foreshadowing of the second index, that is, the long-term index; Long term indicators refer to the indicators that fit the enterprise's development strategic plan. Employees' realization of such indicators can make the enterprise develop in the long term.
- 3) collective indicators. For enterprises, collective cooperation is necessary. The best way to encourage employees' collective cooperation is to release the assessment tasks associated with the collective and improve the initiative of employees. After the enterprise has planned the specific plan, it should negotiate with relevant departments to build it.
- 4) preventive indicators. From the perspective of the enterprise, it is absolutely important to ensure the income of maintaining the survival of the enterprise. For employees, whether the enterprise exists or not is also very important. The performance management personnel of the enterprise should analyze the operation cost of the enterprise, consider the possible risk accidents, and set the corresponding preventive indicators. These indicators should be set at a relatively low level.

5.2. Scientifically Determine KPI

Whether the enterprise can get the expected development depends on the rationality of KPI, which is an important part of the work of enterprise performance managers. When determining

KPIs, relevant personnel need to purposefully select some key indicators with strong controllability. For indicators with poor controllability or high repeatability, they should choose to eliminate them to ensure that the key performance indicators set up are in line with the interests of the enterprise and can effectively promote the development of the enterprise [3].

5.3. Reasonably Set KPI Assessment Weight

Reasonable KPI indicators must be matched with the same reasonable KPI weight to form a KPI assessment system to control the tendency of internal resources of the company. At this stage, different enterprises have a variety of KPI weight calculation methods, such as ranking method, weight method, factor judgment method and expert judgment method. This paper also recommends that enterprises use the expert judgment method to invite authoritative industry experts to reasonably redistribute the weight of KPI during the performance evaluation, which can not only make enterprises take risks, but also make the performance management project play its due role.

5.4. Determine the Assessment Cycle

The cycle of performance appraisal is an important indicator. Enterprises should calculate a reasonable interval or arrange the appraisal in stages. This requires specific analysis of specific problems of the enterprise. For example, to investigate a process R & D post, the assessment cycle should be reasonably set according to the stage of the process, consider the overall development of the enterprise in the matching stage, reasonably control internal resources and help the enterprise make correct decisions.

6. Conclusion

Above, in the work process of major enterprise departments and employees, key performance indicators can ensure the enthusiasm of employees, so as to keep the enterprise vigorous vitality. Reasonable key performance indicators are important productivity tools for enterprises. During the maintenance and operation of enterprises, it is necessary to constantly think, construct and optimize the evaluation contents of key performance indicators. By adjusting the key performance index, revise the strategic direction of the company's development, so that the enterprise can continue to develop in a positive direction.

References

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