

Optimization of Enterprise Performance Management System based on Balanced Score Card Model

Xiaomei Gong

School of electronic commerce, Jiangxi college of engineering, Xinyu 338000, China

Keywords: Enterprise Performance, Management System, Balanced Score Card.

Abstract: Optimization of enterprise performance management system based on balanced score card model is presented in this research. In order to reduce the resulting agency costs, and thus alleviate this contradiction, the business owners set up an incentive, constraint mechanism, the enterprise combining performance and executive compensation, and join the equity incentive mechanism in the salary system. This paper gives the novel perspectives regarding the issues for better solutions.

1. Introduction

With the continuous development of the market economy and the continuous improvement of the modern enterprise system, the separation of the ownership and management rights of enterprises has become a common phenomenon. The fundamental reason is that enterprises need professional talents to operate in order to achieve the goal of maximizing corporate value. In order to reduce the resulting agency costs, and thus alleviate this contradiction, the business owners set up an incentive, constraint mechanism, the enterprise combining performance and executive compensation, and join the equity incentive mechanism in the salary system and hope that through equity incentive mechanism to then maximize shareholder wealth maximization.

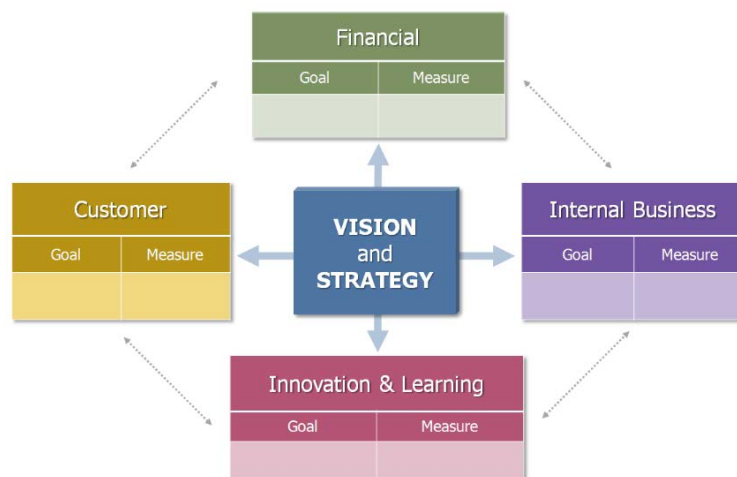


Figure 1. The General Framework of the Balanced Score Card Model

The intellectual capital is the main factor that constitutes the core competitiveness of enterprises, so it must be different in different life cycle stages. In recent years, China's economy has continued to grow at a high speed. What is the role of intellectual capital as the core of value creation in corporate life performance at different stages of the life cycle? The development of life cycle stages of the listed companies in China depends mainly on the intellectual capital or the physical capital? This paper will then conduct the theoretical analysis to create the optimal solution. In terms of relationship between individual human capital and enterprise performance, executive values have no

moderating effect on the relationship between them for group human capital and enterprise performance.

The values of senior executives have a significant moderating effect on the relationship between group human capital and enterprise performance, that is to say, the company whose executives attach great importance to the human resources. The positive effect of the group human capital on corporate performance is stronger than that of enterprises that senior executives don't pay attention to. Currently, companies are generally composed of the number of functional departments and different functional departments are responsible for different business modules in the development of the enterprise. In the process of development, if the enterprise wants to realize the added value of the business unit and the shared functional unit, then the enterprise must realize the mutual cooperation between different functional departments in the process of development. Therefore, how to realize this added value of the enterprise in the process of enterprise development is a strategic content that the enterprise needs to develop in the development. In brief, the organization of coordination specifically refers is in the process which the enterprise develops the enterprise, the service unit, the support unit, the exterior partner, the board of directors and the company strategy carries on connects effectively and creates the enterprise value. In the next sections, we will discuss the proposed method in detail.

2. The Proposed Methodology

2.1 Balanced Score Card Model

The balanced scorecard measures corporate goals and methods in four areas: corporate financial robustness, strategic customer development, internal business processes, learning and growth, and different indicators are subdivided into several refined values.

Through the balanced scorecard measurement framework of enterprise goals and methods, it can help enterprise managers to specify which key factors are the key factors to achieve the mission of the enterprise development and which are the indicators to evaluate these key success factors, so as to help enterprise employees achieve enterprise development goals in accordance with the requirements of balanced scorecard. At the same time listed challenges should be faced with.

(1) The balanced scorecard evaluation method is only the biggest shortcoming of the quantity as the basis of distribution. In the process of adopting the traditional distribution method, it is often not considered between the output value and the resource consumption obtained by the cost object in the process of then being used. A proportional relationship of one to one, sometimes this situation is likely to occur, resources are consumed a lot, a lot of manpower and material resources are invested, and the final output value is not very satisfactory, and may not be 10% of the resources invested.

(2) If the proportion of financial indicators and salary is too high, it will be difficult to achieve the expected development goals. Therefore, it is necessary to emphasize the summary of balanced scorecard performance evaluation system and the matching ratio of performance indicators linked to remuneration, so as to make it more reasonable.

(3) Before implementing the balanced scorecard, the management of the company should have a clearer understanding of the company's current bottlenecks in this area, and develop the comprehensive and progressive improvement measures, so that the balance card cannot be used to the maximum effectiveness, otherwise it will because of the lack of data sources, it is a display.

Enterprise value proposition defines the strategy for companies to create value through synergy, but does not explain how to achieve it. The implementation of organization's collaborative strategy requires an implementation process to complete. On the whole, there are many similarities between the organizational collaborative process and the financial budget, which should be an important part of the company's annual governance cycle. And in the process of enterprise development, the strategy of the company or other units of the company changes, and the organization and coordination should also be reset. From the perspective of enterprise management, evaluation system for implementing the balance score card is only a small part of the enterprise management, and the

implementation time is not too long. The function of establishing enterprise performance evaluation system by balancing the score card is still in the experimental stage, it needs to be supplemented and improved in a wider and longer-term practice. Some problems still need to be explored and studied.

In addition, everyone knows that the application of balancing scorecards in the western enterprise management has achieved good results.

2.2 Performance Management Model

From the perspective of the knowledge team's work process, in order to achieve the high performance of the knowledge team, the members of the knowledge team need to trust each other and cooperate with each other to realize the sharing of the information and knowledge within team; organization needs to consider build a culture of culture and collaboration and a way of working to achieve the corporate culture with common goals, same beliefs and values among team members. The figure 2 gives the sample.



Figure 2. Performance Management Model Sample

Therefore, for the models for selecting, we should consider the listed aspects. (1) Diversified and even potentially contradictory and conflicting performance measurement models can coexist because they can be implemented to then increase the company value and provide a unique perspective for performance measurement sometimes. In a specific environment and context, it is indeed necessary to have a clear with moderate value tilt. Generally speaking, high-tech enterprises refer to enterprises in the high-tech industry. Compared with traditional enterprises, it has the characteristics of the high investment, high risk, high profit and high growth. However, in terms of competitiveness, high-tech enterprises and traditional enterprises should be said to be essentially indistinguishable. (2) A higher information system range means a higher level of absorption capacity to help employee better digest internal information and generate new business activities. And when all the employees have a broad approach to software application engagement to perform their work, they will develop a common cognitive framework and a shared perception of the environment and business activities. It is similar to the “perceived scale” of social capital and contributes to the creation of intellectual capital. (3) From the performance point of view, trading activities are only the trading of factors of production. In essence, this is the transaction of economic rights, that is, the transaction of material capital property rights and human capital property rights. It is from the nature of the transaction of the enterprise that we regard the enterprise as a series of contractual connections. The economic entities in the enterprise are linked together through contracts. The contract stipulates the rights and responsibilities of each subject, thus making people pay attention to the internal economic entities relationship of interest.

2.3 Finalized Perspectives of the Enterprise Performance Management System

According to the principal-agent theory, managers acting as agents often take decisions to avoid risky investments, and also choose fixed monetary compensation as the main component of the compensation structure, instead of choosing to use the equity incentives to pay.

This is because when the company's performance reaches a certain goal, the executives can get their own rewards, and will not care about the market value of the company. For listed companies, this may result in damage to the interests of the business owners. At the same time, the human capital of executives will continue to improve, which will be more conducive to executives' choices in many aspects. Although the research results in this area are rare, it can be seen from some related results that the relationship between human capital and enterprise performance will be affected by HRM practice. Arthur surveyed the human resources managers of 30 steel companies and found out. Organizations with high-commitment HRM systems have lower human capital churn rates and the higher corporate performance. Pardo and Moreno believe that high-performance work systems have a regulatory effect on the relationship between individual human capital and firm performance by influencing employee human resource outcomes. But these innovative products and the service production, often needs to carry on the risk decision-making to take the premise, this imperceptibly increased the enterprise's management risk. If the enterprise is not willing to undertake this kind of high-risk project, finally possibly can is eliminated because of the product or service backwardness by the market. Therefore, when the enterprise carries on the risk high decision-making, the enterprise achievements only then can obtain the enhancement and the enterprise can well survive get down.

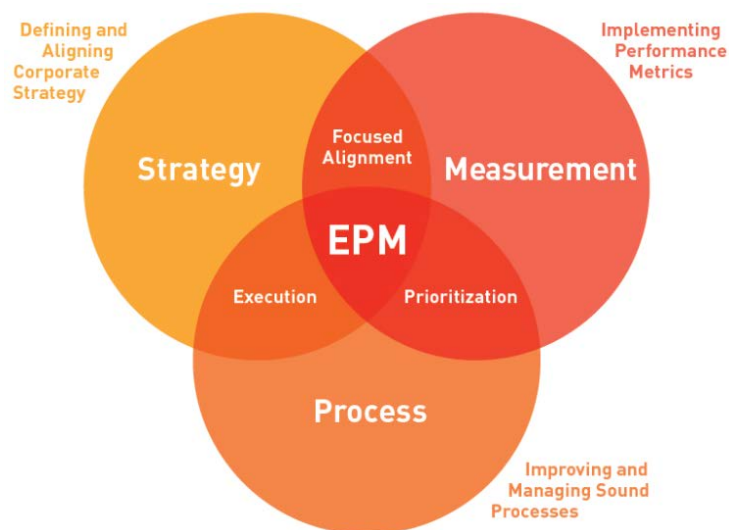


Figure 3. Finalized Model for the Checking

3. Conclusion

Optimization of enterprise performance management system based on balanced score card model is presented in this research. According to the principal-agent theory, managers acting as agents often take decisions to avoid risky investments, and choose fixed monetary compensation as the main component of the compensation structure, instead of choosing to use the equity incentives to pay. We integrate the latest models to construct the intelligent framework for the further analysis. In the future, we will conduct numerical analysis for verifications.

References

- [1] Malagueño, R., Lopez-Valeiras, E. and Gomez-Conde, J., 2018. Balanced scorecard in SMEs: effects on innovation and financial performance. *Small Business Economics*, 51(1), pp.221-244.

- [2] Zhang, S., Wang, H., Huang, W. and You, Z., 2018. Plant diseased leaf segmentation and recognition by fusion of superpixel, K-means and PHOG. *Optik*, 157, pp.866-872.
- [3] Lu, M.T., Hsu, C.C., Liou, J.J. and Lo, H.W., 2018. A hybrid MCDM and sustainability-balanced scorecard model to establish sustainable performance evaluation for international airports. *Journal of Air Transport Management*, 71, pp.9-19.
- [4] Chen, Q., Zhang, G., Yang, X., Li, S., Li, Y. and Wang, H.H., 2018. Single image shadow detection and removal based on feature fusion and multiple dictionary learning. *Multimedia Tools and Applications*, 77(14), pp.18601-18624.
- [5] Sartor, M., 2019. The Balanced Scorecard. In *Quality Management: Tools, Methods, and Standards* (pp. 55-76). Emerald Publishing Limited.