

Study on Performance Management Based on Main Dual-Low Model

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Abstract: Performance appraisal management can be adapted to the strategy of the enterprise, by improving the performance and competence of the organization. Fairness, objectiveness and effectiveness should be the three elements of performance evaluation system. However, there are always problems in be operated actually that how to measure the performance of the department or personal. Referring to the Two Factors Theory (also known as Motivator-Hygiene Theory), Main Dual-low model is proposed to be applied in the performance management. The paper designs a performance evaluation indicator system and analytical model according Main Dual-low, BSC (Balanced Score Card) and MBO (Management By Objective) principle.

1. Introduction

When performance appraisal is put into practice in enterprises, it will exert a positive influence on motivating the staff's enthusiasm for their job. Break the drawbacks of that, 'Doing equates with not doing, outstanding equates with bad'. The importance of performance appraisal to the enterprises management has been commonly accepted. Indeed, the performance management plays a critical role in the realization of enterprises' development goals, and helps the enterprises promoting management ability a lot. This paper constructs sector performance appraisal model with the "Main Dual-law". Based on Main Dual-law principle, BSC (Balanced Score Card) and MBO (Management By Objective) principle, the paper proposes the department performance appraisal.

Frederick Herzberg presents motivation-hygiene theory of job, suggests that the factors involved in producing job satisfaction are separate and distinct from the factors that lead to job dissatisfaction. Since separate factors need to be considered, depending on whether job satisfaction job dissatisfaction is being examined, it follows that these two feelings are not opposites of each other. The opposite of job satisfaction is not job dissatisfaction but, rather, no job satisfaction, and similarly, the opposite of job dissatisfaction is not job satisfaction, but no job dissatisfaction. The results indicate that motivators were the primary cause of satisfaction, and hygiene factors the primary cause of unhappiness on the job[1].

Referring to the ideological basis of Frederick Herzberg's theory, the Main Dual-low model is designed to be used for the performance appraisal system. Corresponding to the motivator factor and hygiene factor from motivation-hygiene theory, the organization and personal performance can be discriminated into two parts named main performance and

basic performance, both aspects of performance are relatively independent and mutually penetrative as well.

2. The Definition of Main Dual-Law Concept

From final results reflected by study of management, performance is the biggest fruit expected by organization, an effective output from different sectors. It includes personnel performance and organizational performance. The organizational performance can be improved, owing to the realization of the personnel performance. However, the personnel performance is not always outstanding. When the organizational performance is decomposed to every position and employee in a logical order, the organizational performance will realize if everyone in the organization complete his own personal performance index.

The author agrees that the connotation of performance have two parts.

A The main performance

The main performance comes first to the request of a position. It plays a core play to the position, the department even the whole enterprise. In the same time, dominance performance is the key performance decomposed from the organization strategy, always evaluated by the key performance index (KPI). These indexes are related directly to the development of the department, and even the enterprise. For example, when it comes to the marketing department, the market share may be an index as the main performance.

B The basic performance

Expect the dominance performance, the other part means the basic performance. This part is important for the department running, it makes vital role in the department. This part is an essential demand to the whole enterprise and organization. It contains performance standards with different requirements in a particular range that won't affect the whole performance score. When it gets below the lowest standard of the range, it will take negative influences to the whole performance. This part performance names basic performance, such as the department basic cost.

The relation of these two parts has the same ideological basis as Frederick Herzberg's Motivation Hygiene theory. The main performance should be improved unceasingly, for it is the key component of one's performance, better main performance deserves higher performance score. The basic performance affects the main performance, and the latter is the additional action of the whole performance. Therefore, the main performance is sufficient condition to the basic performance. In a word, well-done main performance leads the whole performance outstanding and well-done basic performance only makes the whole performance good.

3. Analysis of Performance Evaluation Model Based on Main Dual-Law

The model covers two levels in the enterprise department.

3.1 Establish the Main Performance in Department Based on the Decomposed Strategy from the Enterprise.

There are four methods of setting the performance goals in performance management, and that has been widely used up to now. They are Management by Objectives (MBO)

presented by Peter Drucker in 1954, Key Performance Indicator (KPI), Balanced-Score Card (BSC) presented by Robert S.Kaplan and David P.Norton in 1992, and 360 degree feedback[2].

The BSC and MBO principle can be used into practice with the performance management system established. The indexes won't only be as production business financial index and some like that, and also the management inside enterprise, customer satisfaction and so on; enterprise strategy, short-term goals, and annual budget can be connected, while emphasizing the performance pre-and-post. The performance management system based on main dual-law model constructs two levels in performance management: the main performance that based on enterprise strategy decomposed, and the basic performance in a certain range. That reflects the ultimate goal of the enterprise to realize the goal of enterprise management, and establish the decomposed layer upon layer mutually close-loop performance system.

The main performance requires to be completed more perfect as the focus in work. The department can keep up the terrific work with outstanding main performance. So, this kind of indexes should develop to higher standards. The characteristic of the main performance surveys that it will strengthen the enterprise strategy decomposed, with the management by objectives system, which is based on MBO and KPI.

3.2 Define the Department Basic Performance Range

The basic performance reflects the supplement to the main performance, however, the degree of support is difficult to define, that from quantitative to qualitative changes reflect the process and leaps. When some indexes of the basic performance grow to certain high level, it gets prominence to an excellent job. So the basic index should above minimum, otherwise it will have a negative effect in the main performance. The basic performance should be encouraged within the range, but it's not the principle direction in the whole performance, it's a fruit-added.

The basic performance helps the practice of the performance management in operation. The scope of basic performance is extensive, including index management and plan management.

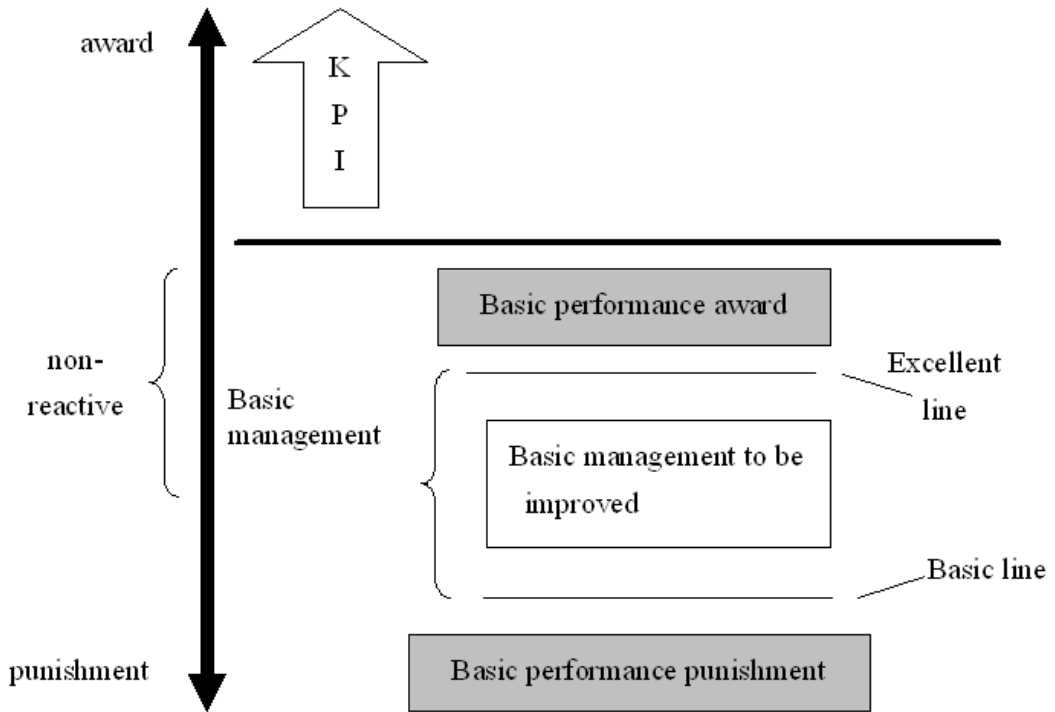


Fig.1 The Model of Main Dual-Low.

4. To Establish the Department Performance System

As the first level of the decomposed enterprise strategy, the enterprise-department performance indexes help the middle-level managers clear what to do prior, and the direction of job, that of the most key of KPI, that need to analyse and decompose the enterprise strategy goals and the essential point of management.

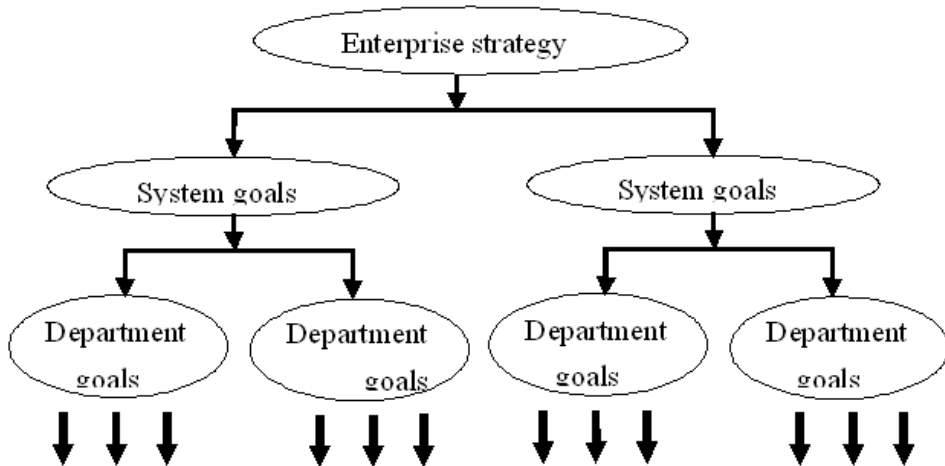


Fig.2 Enterprise Strategy Decomposed Model.

The Balanced Score Card (BSC) principle offers a tool for the managers, that BSC retains financial indexes, and introduces future drive of financial performance, including custom, internal operation process and learning and developing aspects, that measure the enterprise performance more comparatively. Although there have limitations when the BSC is used dependently as the tool of the performance appraisal in enterprise, BSC not only concerns to short-termed profits, but also the sustainable development in a long-term strategy.

Management by objective (MBO) emphasizes communication in the organization, what makes the overall goals according to the destiny of the enterprise inside certain period, and determines the responsibility and goals for the department and employees, that is the standard for the organization to evaluate and reward the team or individual contribution. MBO principle promotes the support effect from the department to enterprise strategy by the indexes decomposition.

Table 1 an Example Of a Planning Department Index System

types of index	index target	weight
main performance	purchasing accuracy	W ₁
	stock percent defective	W ₂
	planning accuracy	W ₃
	stock turnover	W ₄
	on time delivery	W ₅
	OOS ratio	W ₆
	planned cost ratio	W ₇
	validity of productivity analysis	W ₈
	validity of planning	W ₉
basic performance	validity of transporting	W ₁₂
	improvement of dealing with material	W ₁₃
	improvement of department management	W ₁₄

5. Conclusion:

To sum up, performance appraisal management can achieve the two-way improvement of organizational performance and ability to a certain extent, and can reflect the performance of departments or individuals more comprehensively and fairly. However, there are still some problems in the implementation of performance appraisal, which need to be given full attention by relevant departments and enterprises. The application of performance management based on the main double-low model has become an inevitable choice for the reform and development of enterprises. In practice, enterprises can combine their actual conditions, determine the evaluation indicators from the enterprise and department levels, based on the principles of BSC and MBO, and guided by the enterprise's strategic objectives, build the performance evaluation system of different departments, reasonably evaluate the team or individual contribution standards, and maximize the effectiveness and reliability of performance evaluation management, for the high-quality development of enterprises, as well as departments. Make positive efforts to realize personal values.

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