

Campus MBA (FT/PT)

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HUMAN RESOURCE MANAGEMENT

Improvement of an HR priority area

Written Project

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Executive Summary

Haier is a well-known electrical appliance manufacturer in China. Its characteristic performance management system has the advantages of strong execution, clear objectives, strict system, etc(Xie,2017). This system is similar to HPWS(High-performance work systems), but more in line with China's social structure. Performance management is also the key to improve the competitiveness of enterprises, and as an informal system, corporate culture is also an important factor affecting performance management. But at the same time, there are also many unsatisfactory aspects of performance management. The performance management system allocates the remuneration of employees in a targeted way, links the work objectives with the actual remuneration, and can improve the enthusiasm of employees in which performance management plays an important part.

Organisational Overview

Haier Group, headquartered in Qingdao, China, was founded in 1984. In 2022, the global operating revenue reach 350.6 billion yuan. Up to now, there are about 100000 employees. For a long time, Haier has been committed to manufacturing household appliances. Its product line includes TV, refrigerator, air conditioner,

washing machine, etc(**Official website**). Haier is famous for its characteristic performance management system.

Although Haier has its own human resources team/department, this team/department is not the core of the whole group. About Haier's human resources management, almost all decisions are made by the president. For example, Ruimin Zhang has his own unique "slope theory", that is, "enterprises are like spheres on the slope. Downward sliding is its essence." The angle of the slope depends on the intensity of market competition. If employees do not want to make progress, they may slide down the slope, which makes employees always under pressure and forms a competitive elimination mechanism of survival of the fittest(**Liu,2005**).

Main Discussion

A. Performance management of Haier

Haier's unique performance management system is known as PBC, which means Personal Business Commitment. It is implemented throughout the company. Through the combination of personal development objectives, employee management objectives and business objectives, the performance management system is unified, and the dynamic combination of personal interests and corporate interests ensures the effectiveness of performance management(**Wu.2018**). The first

HR management principle of Haier is to fully use all people's potential through the system designed to exert internal competition and market competition. Managing, cultivating, and servicing people are the starting point and core concept of Haier's "OEC" management model (O means "overall," E means "everyone, everything, every day," and C means "control and clear"). Each enterprise in the group should formulate its own management system according to its practical situation, incorporating the basic tenets of the whole group's enterprise. The second principle is to establish a just, fair, and open system of competition. (1) Each position has its on-duty standard. Candidates can contrast these criteria and if qualified, they can apply for the position and enter into the talent bank of the company. (2) Working personnel are examined and evaluated each month. (3) Up and down promotion system allows personnel to shift between different positions and improve their ability and range of skills. (4) Haier attracts talent by utilizing the talent pool system. The talent pool incorporates ranking and associated opportunities. Talent will be promoted if there are vacant positions. The third principle relates to the education and training policies. Education and training are the most fundamental ways of improving the quality of employees. Haier has pre-service training, adaptive training, and improvement training. Each, places a different emphasis on training content designed for specific positions. In addition, further education is carried out for management teams, and short-term training and overseas training are designed for scientific research employees who can also take part in short-term training. The training system in Haier improves the quality of employees and helps to solve the problems of

personnel development. The fourth principle is an elaborate management system. Haier carries out the management policy of “daily clear and daily closing,” which clearly conveys to all employees information about the content of management and control. It is required to control and check what every employee has done on a daily basis, and by scientific evaluation compares the results according to the plan(Zhao&Du,2012).

B. Analysis Performance management

(1) Advantages and disadvantages of the target system. The advantage of establishing a goal system is that it can effectively refine the company's development strategy, effectively decompose the major development goals, refine the work content, assign various tasks to specific departments, and work together to promote the goal process to keep the overall work direction on track. After establishing the target system, it is possible to specify the specific workload and work completion time nodes, thereby effectively accepting work results, and improving the overall management quality(He,2017). The disadvantage of the target system is that its target system will be adjusted according to the company's development plan. Because the overall goal is refined and the management line is relatively loose, the goal cannot be uniformly planned. After the objectives are dispersed, it is difficult to monitor their implementation. It is easy for employees to manage themselves and relax their self requirements.

(2) Advantages and disadvantages of effective incentive mechanism. The advantage of effective incentive mechanism is that employees can get material or spiritual rewards by completing a certain amount of work, and the accumulated work can also enable employees to meet the promotion conditions, so that employees can feel spiritual support. Establish the awareness that effective labor can improve their own income, so as to motivate employees, improve their work excitement, fully mobilize their enthusiasm and stimulate their internal potential while working, so as to better integrate individual labor into the collective, and both individuals and companies benefit from it(Zhao,2015). The disadvantage of effective incentive is that its incentive measures are fixed all the year round and have poor flexibility. The original intention of setting incentive measures is to enable employees to obtain benefits and stimulate their ideas of obtaining benefits many times, so as to enable them to push themselves to achieve the desired goals. However, in actual work, the incentive measures formulated are often fixed items, and are mostly based on material rewards, ignoring the real needs of employees. It is difficult to obtain their own needs after the work is completed, and employees are prone to feel frustrated, resulting in negative attitudes, and then affecting work efficiency.

(3) Advantages and disadvantages of Nissan control system. Haier implements the daily clearing control system. The employees write the daily clearing to report the daily work content and regularly send the daily clearing to the superior leaders for periodic inspection of the implementation of the work plan through the daily clearing content. The advantage of the Riqing control system is that it can enable employees

to form an effective way of thinking and compare their task completion status with the total task volume(**Peng,2014**). The disadvantage of the system is that after the employee completes the task, an additional task is added, so most employees take time off.

C.Haier's limitations in performance management

In terms of performance management, Haier mainly focuses on shareholders, customers, and employees, without paying attention to suppliers, governments, investors, and other relevant parties. For example, in terms of the two indicators affecting customer price satisfaction and product qualification rate, Haier attributed them to the production and operation costs and production efficiency generated by the company itself. It did not take the upstream and downstream supply systems into consideration, but should be related to the quality of materials provided by the upstream channels, which led to the deviation of the assessed data from the company's actual situation and the company's continuous improvement of the control rate of production costs and production efficiency, This will dampen the enthusiasm of employees and keep the company stagnant. In addition, Haier did not consider the support provided by relevant departments to the company. The level of support from relevant government departments plays a significant role in the development of the company(**Zhang&Yin,2021**).

Targeted optimization of Haier's performance management system drawbacks can enable it to conduct in-depth optimization based on practical work, thereby improving the quality of performance management, and truly serving the improvement

of work quality. (1) Dynamically adjust the target. Dynamically adjust various goals according to the company's development situation. Assign specific work and adjust the work content according to the system system. At the same time, take the department as the unit, define the target distribution, and make employees clear their personal responsibilities, so as to make the performance management work effective. By dynamically changing the target from point to area, we can make the development target closely follow the market reaction and achieve effective performance breakthroughs. When the target allocation range is reduced, the specific content of the target can be tailored to make the target more precise. (2) Diversified incentive mechanism. The persistence of employees' material needs is relatively short, so to maintain the quality of their work, employees need to be stimulated by diversified incentives. These can include employee self selected rewards, job transfers, and revocation of penalties. The incentive mechanism can be adjusted according to the actual situation, but the overall direction is to enable employees to have internal motivation, to have enough demand to carry out incentive mechanism plan, to mobilize the enthusiasm of employees, and to achieve profound ideological education⁵. (3) The simplification of the daily clearing system, the complexity of the daily clearing system reflected by the employees, and the perfunctory status need to be improved. Relaxing the time limit for writing and clearing the day by week or month will enable employees to have more work to write, and there will be no way to write before work. In the form of random inspection from time to time, check the daily clearing content and check the work completion of employees. If the contents of the

daily cleaning are inconsistent with the actual work, corresponding punishment shall be given and a notice shall be given to ensure that the employees have a correct work attitude.

The management of organizational performance is the continuing responsibility of top management who, with the help and advice of HR, plan, organize, monitor and control activities and provide leadership to achieve strategic objectives and satisfy the needs and requirements of stakeholders. Individual and team performance management systems play an important part, but they function within the context of what is done to manage organizational performance and to develop effective work systems(*Armstrong&Taylor, 2020*).

Conclusions

After years of continuous innovation and conceptual reform, Haier has made great progress from its initial simplification strategy to the current global development strategy. This has a lot to do with its good Performance management. Targeted optimization of Haier's performance management system drawbacks can enable it to conduct in-depth optimization based on practical work, thereby improving the quality of performance management, and truly serving the improvement of work quality. We will effectively improve our own development status, take effective work as the core,

so that multiple people can benefit, employees can get the required remuneration, and the enterprise can also get rapid development. Its unique performance management system has outstanding advantages, but there are also many problems. Overcoming problems can enhance the effectiveness of its performance management system and provide effective reference experiences for other companies.

The core employees of the company are very important. They play an important role in improving the overall competitiveness of the company(Liu,2022). The company should communicate with core employees in a timely manner, encourage them to understand and participate in the entire process, and improve their work enthusiasm. In addition, it is necessary to strengthen the motivation of core employees in performance management, feed back performance results to core employees in a timely manner, and provide rewards. The company should take performance results as an important basis for rewards and promotion, enhance their attention to performance and make important contributions to the company(Yang,2023).

Recommendations

Performance management system is a comprehensive and systematic system. If only a part of it is used to achieve the desired results, it cannot be achieved. Through

the analysis of the balanced scorecard, we can find the core evaluation indicators from all aspects and the whole process. This requires that in the design performance stage, the management should discuss the work that employees need to do in the next stage and the impact of the results on the company. Only through comprehensive consideration can we more accurately and intuitively see the company's performance results and make correct decisions(Li,2020).

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mechanism plan, and can specifically mobilize the enthusiasm of employees to achieve profound ideological education.

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