

CHAPTER I

INTRODUCTION

1.1 Research Background

As a typical representative of mid to high end chain hotels, Atour Hotel takes "humanistic care" and co creation of service value as its core business philosophy, and highly relies on the subjective initiative and service investment of employees in organizational management. This feature poses adaptation challenges to the traditional results oriented performance management model. Therefore, selecting Atour Hotel as the research object can help explore the optimization path of employee performance management system in the hotel context from a theoretical perspective, which has certain theoretical significance and practical value.

In today's knowledge-based economy, competition between companies is essentially about acquiring, managing, and retaining top talent. Human capital has become an irreplaceable strategic asset, making performance management a key foundation in human resource management. Performance management serves not only as a bridge between individual motivation and the achievement of organizational strategy, but also as a driver of increased operational effectiveness and long-term corporate sustainability (Aguinis, 2019). However, despite its strategic role, many organizations—particularly medium-sized companies in developing countries—still adopt traditional and administrative performance management practices. These evaluation systems tend to rely on a single quantitative indicator, are conducted on a fixed annual cycle, and lack a scientific

basis for strategic human resource decision-making (Pulakos, 2009). As a result, performance management tends to become an administrative routine rather than a development tool, which can actually reduce employee engagement and motivation, especially among high-performing employees.

This phenomenon demonstrates a significant gap between the idealization of performance management as a strategic tool and the reality of its implementation in the field. The minimal use of multidimensional evaluation tools such as the Balanced Scorecard (Kaplan & Norton, 1996), as well as the lack of integration with motivational theories such as Goal-Setting Theory (Locke & Latham, 2002), indicates the need for contextual solutions based on empirical evidence and strategic insights. This is reflected in the case of Atour Hotel Group, a mid-sized hotel chain in China with eight branches and approximately 450 employees. Although the company's management espouses the values of "people-oriented" and "excellent service," the performance management system still suffers from various structural problems. Performance evaluation at Atour is based solely on two key indicators, there are customer satisfaction and employee attendance. These two indicators do not adequately represent the full range of employee contributions, such as teamwork, problem-solving initiative, or service innovation.

Furthermore, the evaluation process is conducted once a year and lacks a continuous feedback mechanism, hindering employees' opportunities for rapid and relevant improvement. Performance targets are also set unilaterally by management, without involving employees in a participatory manner, resulting in a weak sense of ownership of work goals and a decline in motivation and work

engagement. Consequently, high-performing employees lack adequate development pathways and recognition, leading many to move on to multinational hotels. Meanwhile, low-performing employees remain stagnant due to the lack of guidance and constructive feedback. Furthermore, management's use of performance data remains superficial and does not support strategic decision-making.

The Atour Hotel case demonstrates that while the organization verbally acknowledges the importance of performance management as a strategic tool, its implementation at the operational level remains administrative and poorly adapted to the needs of modern organizations. The lack of integration of multidimensional evaluation tools and relevant incentive theories actually undermines the effectiveness of performance management and hinders the achievement of the organization's strategic goals (Armstrong & Taylor, 2014). Therefore, with the development of organizational psychology and data-driven HR technology, there is a significant opportunity to design a more participatory, adaptive, and results-oriented performance management system. This study aims to examine and develop a scientifically based and contextual performance management framework, drawing on case studies from medium-sized companies, as a tangible contribution to enriching the discourse on strategic HR management and providing practical solutions for optimizing employee performance.

1.2 Problem Identification

The core issues in current enterprise performance management include:

1. The performance evaluation indicators lack comprehensiveness and fail to accurately reflect the actual contributions of employees.
2. The lack of transparency in the assessment process affects the trust and satisfaction of employees.
3. The performance results have not been effectively applied to promotion, motivation, and training.
4. Neglecting employees' subjective feelings and inadequate feedback mechanisms.

1.3 Problem Limitations

This study focuses only on Atour Hotel

1. The limited time for collecting research data may affect the long-term observation of performance adjustment measures.
2. Due to the confidentiality of internal data within the enterprise, there may be incomplete access to some information.

1.4 Problem Statement

1. How can a scientifically grounded and practically applicable employee performance management system be designed for modern organizational settings?
2. What key elements and design principles are required to develop a performance management system that effectively enhances employee motivation and sustained engagement?

3. How does an effectively implemented performance management system contribute to both individual employee performance and the overall performance of the organization?

1.5 Research Objectives

1. To develop a scientific and operational employee performance management system that meets the needs of modern organizations.
2. To identify and formulate key elements and design principles for a performance management system that effectively enhances employee motivation and participation.
3. To analyze the extent to which the implementation of an effective performance management system can improve individual performance and overall drive the achievement of organizational goals.

1.6 Research Contributions

1. For hotel, it helps to build a more motivating performance system, enhance employee motivation and loyalty.
2. To the academic community, enriching empirical research in the field of performance management and promoting the integration of theory and practice.
3. For employees, to improve the fairness and transparency of performance evaluation, and enhance career development motivation.