

Exploring Application of BSC+KPI in Multinational Companies: Towards Integrated Global Performance Management

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Abstract: With the acceleration of globalisation, there is an increasing need for companies to expand international markets. Multinational enterprises have the challenges of culture, laws, markets and competition. This paper introduces the concept, characteristics and current status of BSC+KPI application, and analyses the challenges in performance management. A BSC+KPI performance management framework applicable to multinational enterprises is proposed, including the four steps of setting strategic objectives, identifying key performance indicators, analysing feedback and continuous improvement, and the problems and solutions are discussed. This study provides a reference for multinational enterprises to achieve globally integrated performance management and helps step into the global market.

Keywords: BSC+KPI; Multinational Companies Performance Management; Global Integration

Preface

In recent years, more companies have started into international markets, thus facing a more complex and diverse competitive environment. The BSC+KPI performance management approach has attracted much attention from researchers because of systematic, goal-oriented and data-driven nature, and the emergence of the new BSC+KPI performance management approach has not only solved traditional performance management problems, but has also provided important support for sustainable development.

1. Importance of performance management and introduction to BSC+KPI

Corporate performance management is one of the key factors for the success of a company. Through performance management, companies are able to assess their strengths and weaknesses, adjust their strategies, optimise their processes and improve their business performance. In the context of globalisation, multinational enterprises are facing challenges and opportunities, and how to achieve the strategic goal of global integration has become an important issue.

The Balanced Scorecard (BSC) is a management tool that translates strategy into concrete action plans, breaking strategic objectives into four areas - finance, customers, internal business processes and learning and growth achieving total management. Key Performance Indicators (KPIs) are important indicators for measuring business performance, reflecting operational status and results to help achieve strategic goals. By integrating BSC and KPI, multinational companies can track business operations, adjust and optimise them according to the actual situation, and realise performance management on a global scale. Therefore, establishing a BSC+KPI performance management system has become an important path to integrated global performance management.

2. Current application of BSC+KPI in domestic and international enterprises

2.1 Strategic perspective

From a strategic perspective, BSC+KPI is widely used in the formulation and implementation of corporate strategies. Taking the domestic electronic technology group as an example, the company transformed its corporate strategy into specific

performance indicators through the application of BSC+KPI and realised the effective implementation of the strategy.

2.2 Financial perspective

From a financial perspective, the application of BSC+KPI is mainly reflected in financial management and financial analysis. Taking the Haier Group as an example, the company has achieved a better financial performance by combining corporate strategy with financial performance. Through the application of BSC+KPI, Haier has achieved a win-win situation for both financial and non-financial performance.

2.3 Process perspective

From a process perspective, the application of BSC+KPI is reflected in the optimisation and efficiency improvement of business processes. Taking China Mobile as an example, the company has conducted a comprehensive assessment and optimisation of its business processes, achieving efficient operation of business processes and significant improvement.

2.4 Customer perspective

BSC+KPI also has a wide range of applications from the customer's perspective. For example, Marriott International, a global hotel chain, uses BSC+KPI to track customer satisfaction. It has set a series of KPIs to track staff service levels, including room cleanliness, front desk service and more.

3. Challenges to the performance evaluation system of multinational enterprises

3.1 Cultural differences

When establishing performance evaluation systems, multinational companies often face barriers to communication and understanding. These cultural differences include not only language, values and behavioural habits, but also management systems, organisational structures and interpersonal relationships, which include the following specific aspects:

1. Differences in communication and exchange. There can be misunderstandings in the different cultures communicate, for example in the way they express their wishes during negotiations, facial expressions and gestures, etc. This can affect cooperation.

2. Differences in goal-setting. There may be differences in goal setting between cultures, for example, some regions focus on long-term development and strategic planning, while others focus on rapid response and extreme competition; some countries seek harmony and stability, these differences need to be fully considered and harmonised.

3. Differences in rewards and incentives. For example, in Chinese companies, penalties may be "punitive" in order to encourage employees to improve efficiently, while in European and American companies, rewards may be "rerewarding" in order to provide friendly working environment and positive motivation.

4. Management and coordination of cultural differences, which need to be managed and coordinated effectively to avoid cultural conflicts and misunderstandings.

3.2 Laws and regulations

The legal and regulatory challenges faced by multinational companies when establishing performance evaluation systems are manifold. These challenges mainly from factors such as labour regulations, data privacy and security protection in different countries and include legal and regulatory differences in the following areas.

1. Legal requirements for data privacy and security protection.

The legal regime and data security vary from country to country, and companies need to ensure that the performance appraisal system complies with local laws.

2. Challenges in labour regulations. Differences in labour regulations in different countries, may have an impact in the performance evaluation system of multinational enterprises, requiring corresponding program design and implementation of compliance management.

3. Challenges in transparency and fairness. Companies need to ensure that their performance evaluation systems are

reasonable, scientific, transparent and fair.

3.3 Markets and competition

Multinational companies face market and competitive challenges in addition to legal and regulatory challenges when setting up performance evaluation systems, which arise from the different economic structures between countries. The following are possible challenges:

1. Changes in the market environment: The degree of development of markets, the needs and purchasing habits of consumer groups and other factors vary greatly. Companies need to consider the impact of these factors on performance evaluation systems and make timely adjustments.

2. Differences in consumption habits: There are differences between the consumption habits of people in different countries. Companies need to fully consider the cultural background in the process of establishing performance evaluation systems.

3. Challenges from competitors: Multinational companies face a variety of competitors in different geographic regions, who may have an advantage in understanding the local market and the needs of the consumer groups.

4. Brain drain: Brain drain is a common problem for multinational companies. If a company's performance evaluation system is too harsh or does not meet the employees expectations, it may lead to dissatisfaction or separation.

4. Global integrated performance management framework programme based on BSC+KPI

4.1 Setting corporate strategic goals.

Setting corporate strategic objectives is a key step in integrated global performance management. Multinational companies should have a comprehensive understanding of the internal and external environment, including market, competitive and technological factors, and set feasible and measurable objectives that are consistent with corporate values. Consider changes such as market competition and technological advances and set objectives accordingly. Meanwhile, the company's resources and capabilities are fully utilised to ensure that objectives are achieved. Translate strategic objectives into actionable tasks and action plans, with clear responsibilities, timelines and effective communication and collaboration mechanisms to improve performance levels.

4.2 Identification of key performance indicators.

Once strategic objectives have been set, multinational enterprises need to identify key performance indicators that measure how well the enterprise is performing in achieving them. Indicators need to be measurable and actionable to facilitate the management and evaluation of performance. Identify indicators according to business activities. Different business activities correspond to different important indicators. Ensure that data is accurate and reliable for effective performance management and evaluation.

4.3 Analysis and feedback

Analysis and feedback are key aspects of an integrated global performance management framework. Multinational companies need to use scientific methods and tools to analyse and evaluate performance comprehensively. On the basis of the analysis, the relevant personnel are motivated and creative through verbal or written, regular or irregular feedback. For outstanding employees, give recognition and encouragement; for poor performers, point out problems and make suggestions for improvement. Multinational companies should adapt the BSC+KPI framework to ensure alignment with the vision and mission. Regularly assess the effectiveness and applicability of the framework to identify problems and improve it. In this way, multinational companies can achieve globally integrated performance management and improve corporate performance levels.

Conclusion

This paper explores the application of BSC+KPI. Companies are able to establish performance indicators that are

aligned with their strategic objectives and achieve cross-departmental and cross-geographical performance benchmarking and management. At the same time, the author also analyses the challenges faced by multinational companies in performance evaluation. BSC+KPI, as a comprehensive and effective performance management tool, has important application prospects in the context of global integration. Through continuous improvement and refinement, the methodology will become a powerful tool for multinational companies to manage performance on a global scale.

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