

Create a Chinese Organization with Temperature, Dream and Excellent Performance in the Digital Era



Feng Cai Qiu^{*}

College of Business Administration, University of Jimei, Xiamen 361021, People's Republic of China

Abstract: Under the background of digital economy, the digital transformation of enterprises is no longer a choice, but the only way to determine its survival and development. Chinese technology enterprises have been exploring the direction of digital transformation, but the industry has not yet given a clear answer. Based on the author's years of research at Cambridge University in the United Kingdom and more than 20 years of management consulting practice in China, China Mobile, Industrial and Commercial Bank of China and state-owned enterprises in Yin Zhou District, Zhejiang Province were selected as case studies, combined with literature research methods, starting with the difficulties and key points of organizational digital transformation of Chinese science and technology enterprises, the author reviewed the current situation of organizational digital transformation, and analyzed the problems and challenges of organizational digital transformation, Explore how to solve the path of organizational digital transformation. At the same time, the author summarizes and puts forward the direction of organizational digital transformation - building a Chinese scientific and technological enterprise with "temperature, dream and excellence" as the new paradigm of digital organization. Finally, the author innovatively proposes the S-HPL model of the organization's strategic performance management and leadership system in a people-centered and digital environment to support the success of the organization's digital transformation. These are helpful to the theoretical guidance and practice of the organizational digital transformation of Chinese science and technology enterprises.

Keywords: Digital Economy; Transformation and Upgrading; Chinese Companies

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1 The Background of Digital Economy Development in China

The concept of "digital economy" first appeared in Don Tap scott's book "The Digital Economy: Prospects and Risks in the Age of Network Intelligence" in 1996 [1]. In recent years, with the rapid development of Internet technology, especially mobile Internet technology, the development of digital economy has become an important strategy for various countries to promote economic development. In July 2015, the State Council of China

issued the Guidelines on Actively Promoting the "Internet Plus" Action. In December of the same year, General Secretary Xi Jin ping pointed out that China would push forward the construction of a "Digital China" in his speech at the Second World Internet Conference. According to the data of "China Digital Economy Development White Paper (2021)" released by China Academy of Information and Communications Technology, the scale of China's digital

^{*}Corresponding author: Feng Cai Qiu, fc0606@163.com

economic added value will reach 39.2 trillion yuan in 2020, accounting for 38.6% of GDP, an increase of 2.4 percentage points year on year [2]. Through these data, we can see that digital economy has played a pivotal role in China's economic development. Under the background of the development of digital economy, it is inevitable for Chinese enterprises to carry out digital transformation. So what kind of digital transformation should Chinese companies achieve? Where is the direction? What are the specific aspects of digital transformation? And how to digital transformation of enterprises what are the better paths? These are very worthy of discussion, which is the original intention of this article.

2 The Connotation of the Digital Transformation of Chinese Enterprises

Each country has its own definition of a "digital economy". In 2017, the G20 summit held in Hang Zhou, the group of 20 on the digital economy as follows: the definition of "to use digital as a key factor of knowledge and information, with modern information network as the important carrier, with the effective use of information communication technology as an important driver of efficiency improvement and optimization of economic structure, a series of economic activities" [3]. Therefore, it can be seen from this definition that digital economy is a series of economic activities that promote the upgrading of economic structure and the improvement of efficiency mainly based on the Internet.

Chen Chunhua (2017) believes that there are two basic points in the era of digital economy. First, the time axis is greatly shortened. In the era of digital survival, enterprise life, product life cycle and time window for users are all shortening at an unprecedented speed. Second, there are breakpoints, mutations and discontinuities between different business paradigms. As the changes are discontinuous, enterprises need to adjust their understanding of products, markets, customers and industries [4]. How should Chinese companies change in the digital age? Should they manage it strategically? The author thinks that: digital economy enterprises, especially asset-light Internet enterprises, high-tech talents are the core resources of enterprise development, the lifeblood of enterprises in the era of digital economy is not strategy, but management of new culture. In his book *Scientific Business Management: 24 Steps to*

Become a Successful Start-Up, Bill Aulet (2017) argues that in the digital age, organizational management cultures can eat strategy for breakfast [5].

3 The Problems and Causes of the Digital Transformation of Chinese Enterprises

(1) The digital transformation strategy of the enterprise is unclear

Igor Ansoff (1972) is the forerunner of strategic management theory, who first defined the connotation of enterprise strategy [6]. In the current digital economy era, the primary challenge of the digital transformation of enterprises is still the unclear transformation strategy. The strategic decision-making level of many companies lacks relevant digital knowledge and necessary strategic understanding of the digital transformation of enterprises, which leads to the late digital transformation of enterprises and the lack of top-level design. And in the short term do not see the improvement of business will back down, leading to the failure of transformation. Therefore, digitization is not only a technological update, but also an all-round change in business philosophy, strategy, organization and operation. It needs to do a good job in top-level design and make clear the development direction. Deloitte's findings show that about 60 percent of companies that have made the digital transition have yet to establish a transition path [7]. Wipro Digital data also indicates that 35% of executives believe the lack of a clear transformation strategy is a key barrier to realizing the full Digital potential. Some enterprises believe that digitization is a simple reconstruction and upgrading of IT system, and IT is difficult to upgrade the digital transformation to the level of top-level design and strategy, and only carry out partial digital transformation.

(2) The organizational mode of the enterprise does not adapt to the requirements of transformation

Taylor's scientific management theory is the representative thought of traditional enterprise management [8]. At present, however, the traditional organizational management model with complex hierarchy, multiple leaders and slow response can no longer meet the requirements of the digital era. Meanwhile, as each department has its own daily work tasks, the responsibilities and rights of digital transformation among departments are not clear, leading

to the slow progress of digital transformation. According to Levy&Merry (1986), transformation means that an enterprise needs to change its organizational process in order to achieve its development goals, with the emphasis on a complete organizational system, so as to achieve sustainable development [9]. Character (2021) in its digital transformation methodology: landing path and data reception work, at present the vast majority of Chinese enterprises need to build to meet the demand analysis and changeable data driven as the goal of the new organization structure, namely, to establish organization model to adapt to the development of digital, make the enterprise can be more flexible to adapt to changes in the external market [10].

(3) Requirements of enterprise leaders for digital transformation

Former U.S. Secretary of State Dr. Henry Alfred Kissinger said, "Leadership is taking his people, from where they are, and leading them where they have not been before." Management master Drucker believed that "true leadership" is to "elevate one's vision to a higher level, and raise one's performance to a higher standard"[11]. The transition to digital also brings emotional challenges that pose a clear and present threat to leadership effectiveness and success, according to a 2020 MIT Sloan Management Review study. Leaders who fail to clearly recognize and address the concerns and aspirations of their stakeholders will have the opposite effect [12]. According to Korn Ferry's survey, past leadership skills are still the foundation of digital organizations, but they are not enough on their own, with 82% of investors believing that current traditional leadership is not enough to cope with future changes. Leaders who cling to traditional thinking will gradually lose their voice in the future. Managers may be aware of the scale of the problem, but reality is often hard to change, with 78% of investors saying that short-term performance pressures prevent leaders from innovating, changing, or digitally transforming.

(4) The digitization of enterprises requires organizational performance management

Drucker in his book "Effective Management" (1966)[13], that performance is generated by management, or management is the biggest factor associated with performance. Managers must take responsibility for performance, consider the organization's mission, set goals, and organize resources so that the organization can contribute to performance. Traditional performance

management is more like a set of control system: goals are set at the beginning of the year, divided into quarterly and monthly, and evaluated according to the corresponding cycle, and the evaluation results are linked to individual variable salary; In the middle of the year, according to the actual situation, the target is modified conditionally; Review at the end of the year and start the next cycle. According to the author's research, the platform and network structure with flexible capability are preferred in the digital age to adapt to the rapidly changing external environment. The market mechanism is embedded in the organization, and the market-driven, open cooperative alliance will replace the traditional, organization-based, long-term employment relationship. Correspondingly, the internal division of labor in the organization has changed from based on post standards and processes to more and more based on roles and collaboration. Performance management unit is no longer a department or department within a traditional organization, but more of a project, a group, and an independent management body. The traditional top-down approach of decomposing performance indicators will no longer be applicable. The objectives of performance management will be determined based on the functional positioning of each subject, and more key nodes and milestone project performance management will be adopted. It is undeniable that performance management plays a vital role in the operation and management of enterprises. It allows organizational strategy to be decomposed and transformed into actions at all levels; As the "baton" of operation and management, performance management provides a clear direction for the organization's various systems, and enhances the role of this baton through the application of all aspects of human resources.

(5) The digital transformation capacity of the enterprise is insufficient

Enterprises lack relevant technologies and talents to provide support for the transformation. Due to their geographical location, platform scale and economic strength, the majority of small and micro enterprises cannot hire talents for digital transformation and introduce relevant technologies. The formalization level of the vast majority of enterprises is still in the stage of word processing, financial management and other office automation and labor and personnel automation management. The penetration rate of big data, enterprise cloud and digital conference in enterprises is still not high. Promulgated by the state information center, digital China industry report

2020, found that small and medium-sized enterprise internationalization and specialization degree is low, the core digital technology supply, data acquisition rate is low, the industrial chain collaborative difficult, difficult to rely on themselves to realize digital transformation, to leading enterprises, science and technology platform, digital transformation can assign promotion center, etc. Only about 10% of Chinese SMEs have implemented ERP and CRM programs, and about 6% have implemented SCM programs, entering the advanced stage of information [14].

4 The Way of Organizational Reform of Chinese Enterprises in the Digital Era

(I) Create a Chinese enterprise with "temperature and dream" paradigm

After years of research, the author found that the organizational management of Chinese enterprises needs to evolve iteratively to adapt to the transformation and upgrading of the digital economy. Therefore, the author proposes to build the "temperature and dream" paradigm of Chinese enterprises. So-called "temperature" organization

and management paradigm, both building humanistic spirit of people-oriented enterprise, change the traditional organization and management mode, enable and inspire creativity, talent innovation especially for state-owned enterprises, Xi Jin ping, general secretary in 2020 during the two sessions repeatedly stressed the idea of "people first", the general secretary stressed to pay special attention to the ideological and political work in state-owned enterprises, throughout the "people-oriented" concept, increase the humanities concern, to promote sustained and healthy development of enterprises to provide power; So-called "dream" organization and management paradigm, both companies want to return to the rational level, organizations need to have the results management and constraint mechanism, organization and staff need to be awakened the inner driving force, to return to the beginner's mind, explore personal dreams and team dream, dream, to the next and enlightenment on employees' intrinsic driving force, stimulate the staff and team to the greatest extent subjective initiative, diversification of design connotation of the dream, let the dream come willingly, team to build a consensus and constraint team self-discipline the conscious action of the dream, to complete the organization essential target. See Figure 1 below.



Figure 1 Organizational implications of the "Temperature and Dream" paradigm

The author has been engaged in the management consulting industry for more than 20 years, and has actually visited and counseled more than 200 Chinese enterprises. According to the situation of digital transformation of Chinese enterprises, the author proposed the S-HPL model

of enterprise strategic people-oriented performance management leadership, which enables organizations, teams and individuals to build sustainable and high performance organizations and realize enterprise transformation. The author believes that in the digital era, whether an

organization can continue to achieve high performance and achieve organizational vision depends on the enterprise strategy, the quality of the organization's humanistic

environment, the leadership and the level of organizational performance ability, and the four must be linked to each other and expand their influence. See Figure 2 below.



Figure 2 S-HPL model of corporate strategic human-centered performance management leadership, boosting the digital transformation of Chinese enterprises

(2) Understanding of the connotation of each module of S-HPL theory on enterprise strategic human-centered performance management leadership

1. Digital strategy (S) traction -- the digital transformation strategy map of Chinese enterprises

Scientific and reasonable digital strategic planning is a strong support for the success of the transformation and upgrading of Chinese enterprises, and occupies a cornerstone position in the S-HPL model. But the actual digital strategy planning management in the process, the author found that there are lots of problems for many enterprises, focuses on four points: one is the strategic vision, lot of behavior, the second is strategic management idea of fuzzy transformation positioning is not clear, three quick buck serious, "speculation" mentality, four is strategic planning, vision become a mere formality. Combined with the actual situation of enterprises, to build a strategic planning blueprint more in line with the digital economy era of Chinese enterprises, to help enterprises to transform and upgrade. On the map of enterprise digital transformation, the top layer is the vision positioning, and from top to bottom, the target, business (product) portfolio, development measures, implementation path, and strategic guarantee measures. To complete the strategic map, it is necessary to study the internal and external environment and target enterprises. See Figure 3 below.

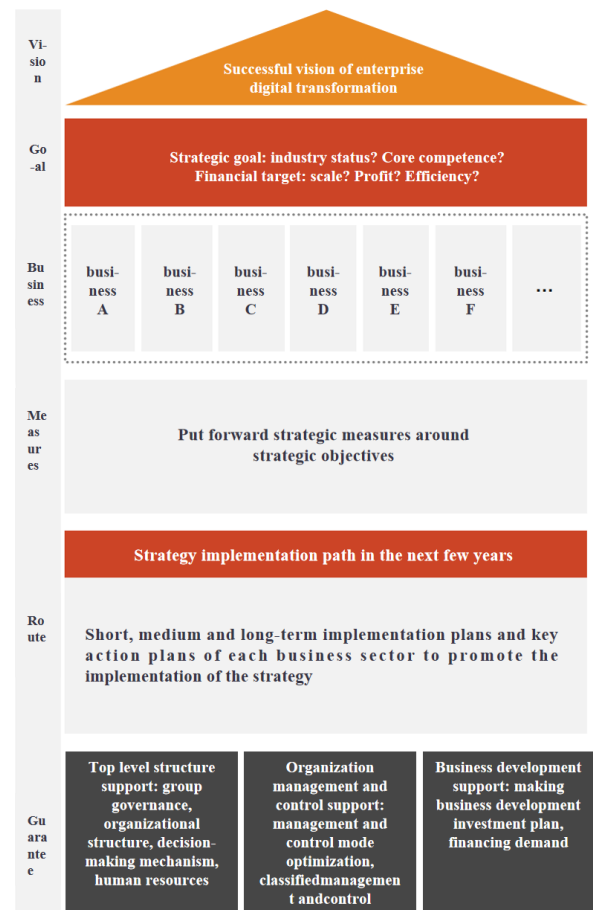


Figure 3 Digital transformation strategy map of Chinese enterprises

2. Mould the spirit of humanization (H) -- the essence system of 12-word humanization management

Maslov's Hierarchy of Needs Theory divides human needs into higher-level needs and lower-level needs (a total of five needs) [15]. On the basis of Maslow's Hierarchy of Needs Theory, Clayton Alderfer conducted research closer to practical experience and put forward a new humanist Needs Theory. Alderford believes that there are three core needs that people have in common: the need of Existence, the need of Relatedness and the need for Growth. The author based on the demand level and ERG theory research, to spread, think that most of today's enterprise employees lower demand has been satisfied, employee principal contradiction from the material satisfaction to better self-realization, self-transcendence, self-value and the change of social belonging to pursue, has entered the stage of seeking high demand satisfaction. The author puts forward the human - oriented 12 - word management essence system model. In the author's

opinion, trust and love are the first level of humanization appeal, and this humanization appeal is shallow motivation. Respect and commitment are the second level of humanization appeal. This humanization appeal is the middle level incentive to activate employees, so that people can gain recognition and self-restraint from others in the organization. Growth and value is the third layer, humanistic appeal is the highest levels of appeal, the appeal to meet really can let employees spontaneous activation inner motility, diligence, revolution, breakthrough, rule out intervention groups and others to activate the staff, is also the future make the individual, family, organization and social freedom, consciousness and self-discipline, the rule of law and civilized and community work and life meaningful. These three layer relationships can be owned on the same subject at the same time, or they can be realized by staggered layers and crossed. The specific logic is shown in Figure 4.

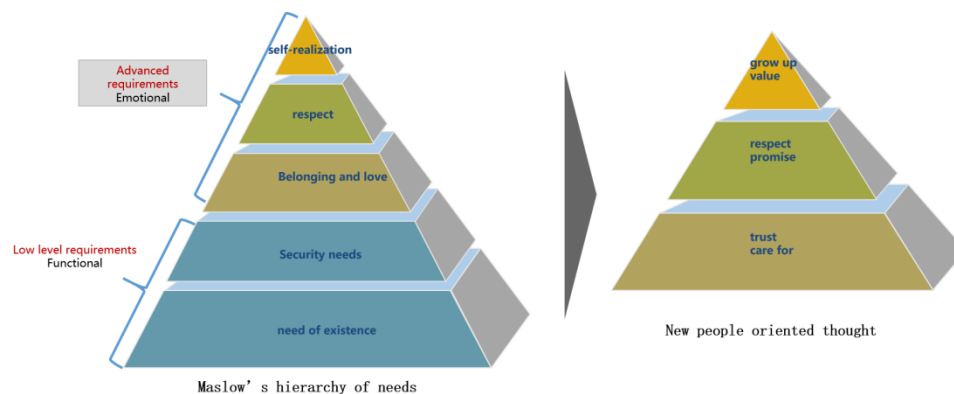


Figure 4 Hierarchy of needs theory and human-oriented 12-word management essence system

The author thinks that the need for the reform of the humanistic management to the creation of human capital, create good working environment, activate the staff vitality, promote organization into the feeling and the sense of mission, improve manager's leadership, make the enterprise talent really become the organization's human capital, to realize human capital appreciation, new release staff and organization performance. See Figure 5 below.

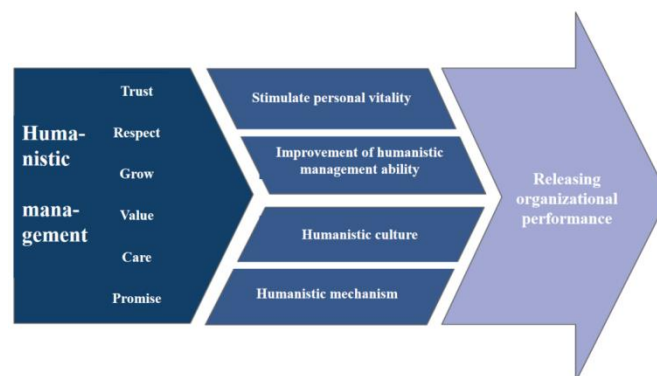


Figure 5 The logic of the 12-word management essence system of humanization

3. Build a digital talent value incentive management system (P) -4E model

Since 1996, the author has engaged in consultation industry, the new performance management system for enterprises to build the digital, the author combined with years of practice, and the characteristics of the digital economy enterprise talent management, business transformation, in the study of predecessors' performance

management and incentive theory research results, the author redesigned the digital transformation of enterprise talent value incentive model of 4 e, 4 e model by desire "staff", "staff/internal processes", "staff/talent development" and "staff KPI". Neely and Kennerley (2002) also propose a similar conceptual framework that illustrates processes, people, infrastructure, and cultural capabilities [16]. See Figure 6 below.

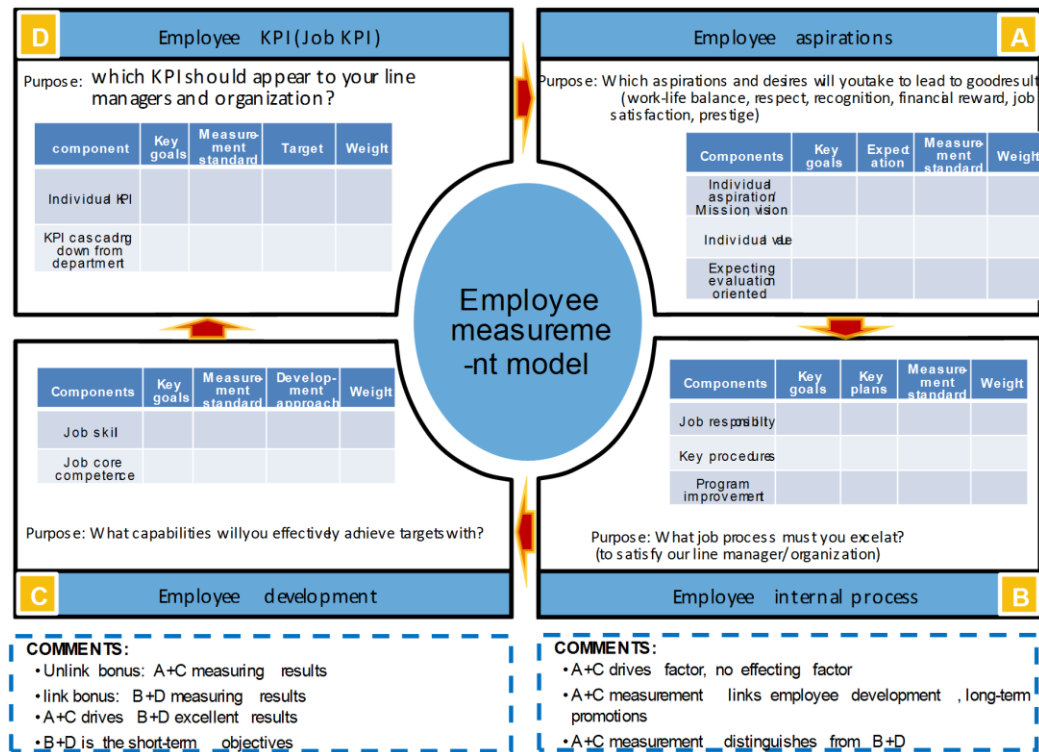


Figure 6 4E model of digital talent value incentive management

The 4E model consists of four boxes, including employee expectations (box A), employee internal processes (box B), employee development (box C), and employee job key performance indicators (box D).

Box A is the most important box for an employee. Box A determines whether an employee can continue to work hard for an organization. The purpose of Box A is to show the employee's ambition to work hard and achieve good results. Key assessment goals include personal mission, vision, values, respect, recognition, family financial rewards, and health. This is different from the strategy-driven employee work ethic of Kaplan and Norton's BSC (Kaplan and Norton, 1996a) [17]. The author does not suggest that the A box should be linked to the assessment results in the reward system. This position has been echoed by some researchers (Albright and

Burgess, 2013) [18].

Box B describes internal employee processes, including employee job responsibilities, key work procedures, plans for improvement, and plans to achieve job key performance indicators. When developing a performance plan that standardizes the contents of Box B, these need to be specified. Key objectives, core plans, metrics, and weights should be defined. The authors suggest that box B should be linked to the reward system, and significantly improve the performance of box D.

Box C describes the employee's development, including basic job knowledge, job skills, and core job competencies. These skills and competencies should be described in detail, detailing key skills and competencies, key objectives, how to measure, development methods and weights. The authors suggest that the C box should

not link the results to the reward system, but to training and development programmes. The authors do not recommend that Box C be associated with the evaluation results in the reward system (Albright and Burgess, 2013).

Box D is referred to as the employee job key performance indicators (KPIs) and consists of various KPIs, which are linked to the subordinates through the department. Job KPIs will be determined according to the employee's job responsibilities and the department's KPIs. KPIs are quantified and evaluated from four dimensions: cost, time, effectiveness and quantification. The author suggests that D-box should be evaluated in the reward system and linked to the evaluation result. Box D drives Box A for better planning, resulting in closed loop development known as the PDCA system (Plan, Execution, Check, and Action).

4. Cultivate digital transformation leadership (L) -- three-talent leadership model

David C. Macelland (1973), a professor at Harvard University, first proposed the diathesis iceberg model [19]. According to the model, the quality structure of people is like an iceberg floating in the sea. The "above the

iceberg" includes basic knowledge and basic skills. It is the external expression, which is easy to understand and measure, and relatively easy to change and develop through training. The "bottom of the iceberg," which includes social roles, self-image, traits and motivations, is the inner, hard-to-measure part of a person. They are not easy to change through external influence, but they play a key role in the behavior and performance of people.

On the basis of the Iceberg Model, Boyatzis (1982) put forward the Onion Model of Competence, which summarized the competence from the inside to the outside, with motivation as the core, and then expanded outwards into personality, self-image and values, social roles, attitudes, knowledge and skills. The more outer, the easier it is to culture and evaluate. The deeper you go, the harder it is to evaluate and learn [20].

The author fully adopts the essence of previous research results, and optimizes it, and integrates the leadership training of Chinese enterprise managers into the competency model more intuitively, thus forming the three-talent leadership model. See Figure 7 below.

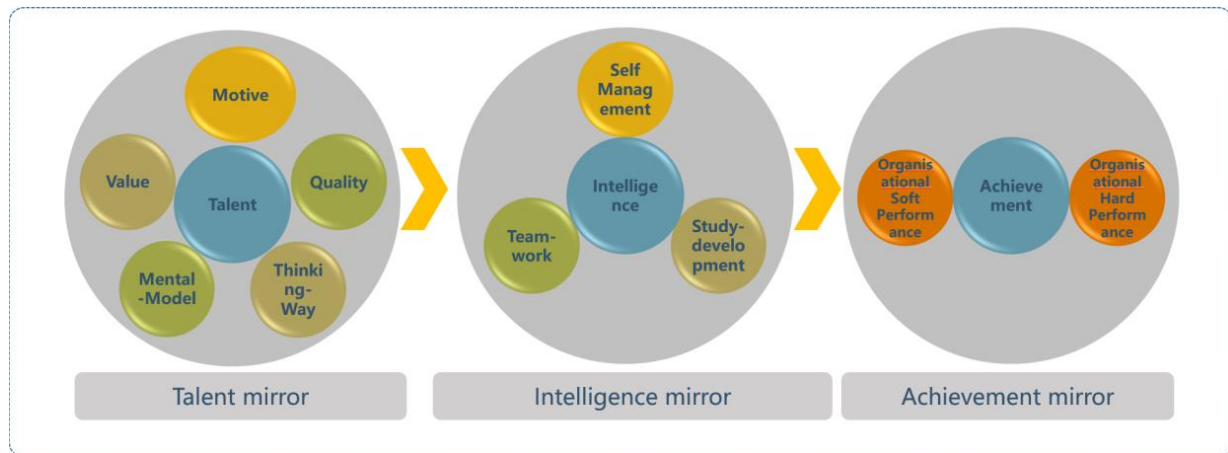


Figure 7 Talent mirror, talent performance mirror (three talents) leadership model

Talent is the embodiment of a person's heart, is the core quality of a deeper level. These qualities, such as mental model, values, motivations, qualities and thinking patterns, are deeply rooted, difficult to change but powerful. They represent a person's development potential, determine an individual's hidden potential, and indicate the value that can be created in the future.

Intelligence is the embodiment of a person's intelligence, is a person's dominant ability, equivalent to the ability above the iceberg, such as self-management, team cooperation and management, learning and

development and other abilities, these abilities can be cultivated and changed after the day, strong plasticity, can directly affect the current work ability and value results. Represents the current quality and ability to create high performance.

Talent performance is the reflection of a person's performance, which is divided into hard performance and soft performance. Hard performance is easy to understand, that is, the results of one's work tasks, while soft performance is reflected in more subjective aspects such as personal progress, teamwork, and department

atmosphere.

Trent's three-talent leadership model links talents' ability and quality with their performance results well. As a talent analysis model, it can analyze the basic situation of talents' ability more comprehensively and accurately. The quality of deep talent will directly affect the right and slow degree of acquiring talent, and the quality of talent directly determines the result of a person's talent performance, that is to say, talent performance is affected by both talent and talent. In reverse, when a person's performance is not satisfactory, the corresponding improvement in intelligence can be analyzed.

5 Summary

In the digital era, Chinese enterprises need a new organizational management concept and organizational system to support the transformation and upgrading of Chinese enterprises, restimulate the vitality of organizations and individuals, release the energy of individuals, make organizations more flexible and agile, and let every employee have full vitality and creativity. This is the key to the transformation of digital organization management, which I call "from control to empowerment". The S - HPL model proposed by the authors, through the strategy, enterprise spirit, enterprise performance system and reshape enterprise leadership, formed between the four together, to organize the introduction of a series of new technology to support, accomplish truly enable enterprises, traction group under the digital economy era of transformation and upgrading of enterprises, and meet the need of times and development direction of the country, as Chinese companies "with temperature and the dream".

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