

# How is Performance Management Linked to Organizational Strategy Execution and Performance? A Case Study of Two Organizations of Different Scale in Asia

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## ABSTRACT

Strategy execution is a topic of practical importance and its success depends on how an organization integrates and aligns business units and employee performance to its strategic goals. However, many organizations find that realization of their strategic goals is not optimized. One of the key issues is that the strategy and the performance goals of an organization are often disconnected from performance management, which is a function of strategic HR in managing employee performance. Essentially, in this research, a performance management exercise that is aligned to organizational strategy and performance is viewed as a strategy execution and alignment exercise led by the HR team of an organization in the form of a performance management program. The purpose of this case study is to identify how a performance management program can be linked to organizational strategy and firm performance. Elements such as the enablers of alignment, the question of whether the model applied differs in companies of different scale, the application of goal setting and expectancy models and reward systems are investigated to provide insight into the key factors of success in implementing a performance management initiative. Case studies of two organizations of different scale in Asia were conducted. The findings of these studies indicate that several key enablers are critical for the successful implementation of a performance management initiative that aligns organizational strategy and performance goals. These enablers were identified and validated against a contemporary management model of best practice principles of alignment and successful strategy execution presented by Kaplan and Norton (2006).