

# Research on the optimization of performance evaluation system of listed companies under the new development pattern

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**Abstract:** *With the formation of a new development pattern, the process of economic glocalization is accelerating and market competition is intensifying. The internal and external environment of enterprises is undergoing tremendous changes. How to reduce operating costs, reduce operating risks and maximize business returns is a problem that plagues enterprises and needs to be addressed urgently. As a typical representative of the enterprise industry, listed companies have a good guiding role in the development of enterprises in the industry. Based on this, this study focuses on the construction of the performance evaluation system of listed companies in the context of the new development pattern. By analyzing the research history and current situation of the construction of the performance evaluation system of listed companies, and then deducing the corresponding optimization path, it aims to provide some feasible guidance suggestions for the construction of the performance evaluation system of listed companies.*

**Keywords:** *New Development Pattern; Listed Company; Performance Evaluation System; Optimization*

## 1. Introduction

The new development pattern refers to the acceleration of the formation of a new development pattern with a large domestic cycle as the mainstay and dual domestic and international cycles promoting each other. It is a strategic choice for China to cope with the opportunities and challenges of the new development stage and to implement the new development concept, as well as a systemic and profound change that concerns the whole situation, which requires enterprises to continuously improve their innovation capacity and economic strength, and add bricks and mortar to accelerate the improvement of the socialist market economy system [1]. In view of this, carrying out enterprise performance evaluation is conducive to further tapping the intrinsic potential of market economic subjects and correctly guiding the business behaviour of enterprises, and is an important driving force in comprehensively reflecting the quality of enterprise asset operations, guiding enterprises to achieve high-quality development and building a modern economic system.

As a type of enterprise with larger scale and more standardized management, listed companies are typically representative among enterprises. Under the new development pattern, how to control the realistic needs of performance evaluation of listed companies, how to dynamically adjust the development trend, what are the problems of the evaluation system and how to build an evaluation system that is compatible with the new development pattern are all questions that are worth exploring and gradually solving [2].

This study attempts to provide an optimization path for the construction of the performance evaluation system of listed companies under the new development pattern through the preliminary exploration of the above issues. The research results can not only highlight its theoretical significance, but also provide realistic guidance from the following aspects: it is conducive to improving the service quality of listed companies and promoting their correct development strategies and business initiatives; it is conducive to enhancing the operational efficiency of listed companies and promoting their It is also conducive to enhancing the core competitiveness of listed companies, speeding up their development and realizing the sustainable development of listed companies.

## **2. Literature Review**

### **2.1. Foreign research**

Foreign research on performance evaluation methods has gone through three stages: the first stage was the period of enterprise cost performance evaluation from the early 19th century to the early 20th century, the second stage was the period of enterprise financial performance evaluation from the early 20th century to the 1990s, and the third stage was the period of research on enterprise performance innovation evaluation index systems from the 1990s to the present [3].

Analysis of the literature reveals that foreign countries have achieved fruitful results in the evaluation of enterprise performance. Their research on financial performance has entered a mature stage of theoretical research and practical verification. The organizers of the American DuPont Company constructed corresponding budget indicators in the 20th century, culminating in the current and better known DuPont analysis system, which clarifies the guiding role of financial indicators in the evaluation of company performance. Also in the 20th century, new researchers emerged to select financial ratios, set different weights to them, specify the corresponding standard ratios based on industry, and use the actual and standard ratios to carry out the accounting work for each indicator [4]. This method used financial indicators for the first time, for performance evaluation, and laid a good foundation for the construction of a modern performance evaluation system. In addition, around the 1980s, an American company first proposed the EVA evaluation method, which is based on economic value added as the core of this evaluation method. However, today's enterprise performance evaluation theory belongs to the stage of blossoming, and no unified understanding has been formed, nor has a dominant theoretical approach been formed. For example, although the balanced score method has had a significant impact, its determination of the weights of a comprehensive evaluation system of corporate performance in the four areas of corporate finance, customers, internal business processes and corporate learning and growth has not been unified, greatly limiting the scope of use of the balanced score method.

### **2.2. Domestic research**

The domestic enterprise performance evaluation research basically follows the development line of foreign countries, and has developed rapidly since the reform and opening up, and the relevant evaluation theories and systems have been continuously improved and perfected. The system specifications issued by the state have clarified the content and indicators of enterprise performance evaluation, and gradually adjusted and optimized the application effect of performance evaluation in promoting the quality and efficiency of enterprises. In terms of the basic components of the enterprise performance evaluation system, the existing literature has discussed more on the basic theoretical research on enterprise performance evaluation, the evaluation index system and evaluation methods, and there is richer research on the implementation of targeted evaluation for different functions and categories of enterprises. The scholars' views on the evolutionary stages of enterprise performance evaluation are basically the same, mainly divided into: the stage of total evaluation index; the stage of financial evaluation index; the stage of enterprise performance evaluation index; and the stage of comprehensive enterprise performance evaluation index [5].

At present, the research on the performance evaluation system of domestic listed companies mostly adopts a single method for the analysis of financial indicators, and the construction of an evaluation index system for financial indicators is its main research direction, but there is a lack of systematic research on the connotation and value system of its performance evaluation system. Secondly, the existing studies on the performance evaluation mechanism of listed companies mainly show that: firstly, they put forward the problems and challenges faced by the evaluation system; secondly, they consider the performance evaluation system from the subject level and elaborate the functions and objectives of performance evaluation. Finally, for the improvement of the performance evaluation system, scholars mostly put forward constructive countermeasures through empirical tests. Along with the changes in society and the uncertainty of the international situation, the deep-rooted conflicts and problems behind the development of enterprises need to be further explored and solved.

## **3. Current status of construction of performance evaluation system for listed companies**

The performance evaluation system of listed companies is mainly for the quantitative assessment of the company's internal assets and ecology. The construction of this system can not only help the

implementation of the company's strategy, but also promote the company's daily operation and production of each link, and carry out detailed processing, which can strengthen the company's internal control of itself and improve the company's performance [6]. In addition, along with the rapid development of China's economy, the requirements for the performance evaluation of listed companies have become more and more stringent, therefore, optimizing the performance evaluation system of listed companies is not only the inevitable way for the upward development of listed companies, but also the realistic needs of China's enterprise development. Through summation, it is found that the current situation of the construction of performance evaluation system of listed companies in China is divided into the following three situations:

Firstly, the triple performance index system is adopted, and the company's stakeholder orientation is taken as the basis of research, and the concept of sustainable development is taken as the entry point for the company's performance evaluation index system, and the corresponding company performance evaluation index system is inducted. This system is integrated with the bench marking system and it is found that the bench marking system needs to maintain the social and ecological environment of China while pursuing economic benefits. This means that the system needs to evaluate not only the economic performance of the company, but also the social and environmental performance of the company. The evaluation of social and environmental benefits should focus on energy, waste emissions and ecological protection, with a comprehensive performance assessment to clarify the company's responsibilities and social obligations in this regard.

Secondly, the expansion of the business based on the above system is aimed at the economy on the one hand. The performance is divided into three perspectives and the economy is evaluated in a targeted manner, adjusting the cash flow and EVA so that the two are integrated and optimized against the evaluation system on the basis of full consideration of the cash flow, while the return on assets and the cash recovery rate of assets should be incorporated in this, and the remaining two are optimized for the construction of the performance evaluation system. The system thus constructed will not only overcome the shortcomings of the company's own economic growth, but will also be able to integrate non-financial indicators, an expansion that will balance the impact of the time factor on the construction of the company's performance evaluation system. On the other hand, the extension of the system to the environment, based on the dimension of sustainable development, requires the integration of the company's own business characteristics, from the perspective of waste emissions, recycling of raw materials, etc., and the improvement of the corresponding performance evaluation system [7].

Thirdly, based on the external extension of the above system, the proportion of the different indicators will be measured again using the hierarchical analysis method, and then a system will be built that can cover human capital innovation, ecological and environmental protection, and the clear implementation of corporate social responsibility, etc. The corresponding secondary indicators will be set for several aspects, and the numerical indicators will form the corresponding human indicators. The external extension of the above system is mainly reflected by the extension of the secondary and tertiary indicators, which will ultimately be used for the different levels of the company, and will be decomposed to each responsible person within the company.

#### **4. Shortcomings in the construction of performance evaluation systems for listed companies**

Performance evaluation of listed companies is an important topic in the field of management and a new practical activity under the conditions of socialist market economy. It refers to the value judgment of the business process and its results by using specific indicators and standards in order to achieve the strategic objectives of listed companies [8]. Throughout the practice of the construction of performance evaluation system for listed companies in recent years, although the relevant domestic departments and research scholars have actively explored the research work on performance evaluation system, the performance evaluation system of Chinese enterprises has not yet been fully established, especially the performance evaluation of listed companies still lacks a scientific, systematic and operable evaluation system.

In the process of the development of listed companies, the enhancement of the organizational cohesion of enterprises is closely related to the effectiveness of industry supervision. The enhancement of organizational cohesion in listed companies is a prerequisite for the increased awareness of innovation in all sectors. Therefore, the effective implementation of the regulatory system is the key to guarantee the scientific operation of the workflow of the enterprise. Performance evaluation is one of the regulatory systems that is directly related to the vital interests of the company's staff and is the core system that most

motivates them. However, in the process of formulating the performance evaluation system in the past, only a general evaluation standard was proposed, and there was no scientific refinement, thus only prompting the work of each department to be able to operate, but it was not possible to dynamically manage the workflow of each department and adjust the development planning objectives at any time, so that the work could only be carried out mechanically in accordance with the development objectives first set by the managers, and time was spent for the sake of the final standard, making it difficult to It is difficult to enhance development effectiveness, and is characterized by rigid thinking and restricted behaviour, which does not fully stimulate the vitality of the work of the department. Through analysis, this study summarizes the deficiencies in the construction of performance evaluation systems for listed companies as follows:

#### ***4.1. Performance evaluation indicators are not comprehensive, with a disproportionate share of financial indicators***

Financial performance evaluation is one of the important dimensions of the performance evaluation of listed companies, which can reflect the operating results of listed companies in a certain period of time, but it cannot cover all the contents of performance evaluation, and often reflects the past operating situation, lacking consideration and forecast for the future. Excessive reliance on financial indicators can lead to a lack of analysis and consideration of future conditions, and to stagnation due to the existing scale of production and mode of operation. Combining the strategic connotation of the new development pattern and the application practice of performance evaluation of listed companies, there are still aspects of the institutional system and content system of performance evaluation of listed companies that need to be perfected and improved.

In terms of the system system, how to reflect the economic work of the new development stage at the system level, better guide enterprises to break through key core technologies, enhance their independent innovation capability, and continuously improve their position and competitiveness in the global industrial chain, supply chain, value chain and innovation chain in the midst of fierce competition requires in-depth consideration and research<sup>[9]</sup>. The performance evaluation system of listed companies can provide feedback on the operation level of enterprises and is in a closed-loop state, and the performance analysis report formed can, to a certain extent, promote the improvement of management efficiency, but it is biased towards static evaluation afterwards, and it is worth studying and exploring how to reflect the enterprise performance in real time and dynamically, and find out the problems existing in the process of enterprise operation and management in time and solve them effectively.

In terms of content system, financial indicators are still the mainstream way of enterprise performance evaluation, but some enterprises actively incorporate non-financial indicators into performance evaluation, which to a certain extent promotes the development of performance evaluation system. The use of financial indicators certainly has a certain degree of rationality, but as they are a measure of past operations, they have a certain time lag, and the development of enterprises requires forecasting of the future business environment, which prevents managers from acutely capturing changes in the external environment under the new development pattern, which may make it difficult for enterprises to quickly and accurately identify new opportunities and lose the focus of new products, which is not conducive to the scientific and stable development of enterprises development. At the same time, the perfection of financial data overemphasizes current interests, which is also not conducive to management taking a long-term view and affects the enterprise's ability to develop later. Therefore, appropriately increasing the weight of management performance, paying more attention to improving the technological content of economic development, labour productivity and return on capital with scientific and technological innovation, and ultimately realizing the transformation of economic growth from factor-driven to innovation-driven is the key issue facing the evaluation of enterprise performance under the new development pattern.

#### ***4.2. Inadequate performance evaluation system and lack of long-term awareness***

The main purpose of performance evaluation by enterprises is to promote the improvement of business management and the preservation of assets, and annual comprehensive performance evaluation and tenure comprehensive performance evaluation are often the indicators chosen by enterprises to measure their performance. However, some listed companies simply aim to improve the organizational framework and enhance the brand effectiveness of the company<sup>[10]</sup>. As a result, the managers of these listed companies neglect to pay long-term attention to constructive indicators and do not see the important role played by the construction of performance evaluation systems, always measuring issues from the

perspective of the output ratio of costs and profits and failing to establish the behavioral values of long-term development.

The performance evaluation system lacks long-term awareness and lacks humanistic precipitation for the staff, often only evaluating the staff for producing results in the short term and neglecting the importance of motivating the staff and fostering their interest. These two components contribute positively to the production of business results for the enterprise. Because companies focus too much on short-term evaluation, they do not think too much about the process of staff growth and ignore the fact that the production of results by staff is a long-term process, thus lacking respect for the laws of physical and mental development of staff, neglecting the physical and mental development of staff, failing to include the physical and mental development of staff in the evaluation indicators, and lacking consideration for the moral quality and legal ability of staff, resulting in a lack of cohesion in the development of the company and failing to promote the This has led to a lack of cohesion in the development of the company and has prevented it from developing sustainably.

## **5. Current status of construction of performance evaluation system for listed companies**

A performance evaluation system for listed companies can help companies achieve their goals and create more economic benefits, and can provide a solid foundation for company leaders to develop future development strategies. At the same time, the construction of a performance evaluation system is a dynamic process that not only evaluates the company's past, but also emphasizes the company's future, making it a forward-looking system. The company has to sort out its own internal driving factors, conduct in-depth analysis of the system construction from micro and macro perspectives, and gradually complete the corresponding construction. Under the new development pattern, the optimization of the performance evaluation system of listed companies starts from two aspects:

Firstly, the weight of quantitative financial performance indicators and qualitative management performance indicators should be optimally adjusted, and the weight of qualitative management performance indicators should be increased. Specifically, the construction of the performance system of listed companies needs to include six factors, namely, subject, object, target, indicator, standard, method and result, of which the core is the indicator, and the performance evaluation indicator of listed companies should be composed of two types of indicators, namely financial and non-financial. Specifically as follows: financial indicators, one is profitability, including asset income, cash amount and daily operating profit. The main indicators are net sales margin, net equity margin, etc. The second refers to solvency, including short-term solvency and long-term solvency. The main indicators are current ratio, quick ratio, cash ratio and gearing ratio, etc. The third is operating capacity, which contains the company's R&D share, sales share and sales growth rate. The main indicators are current asset turnover, total asset turnover, etc. The fourth is development capability, which involves the main business aspects, and the main indicators are the growth rate of main business and the growth rate of net assets. Non-financial indicators mainly include market share, human capital position, quality and service, R&D and innovation capability, etc. Listed companies should build corresponding performance evaluation systems based on the above in order to facilitate the enhancement of the company's market competitiveness and thus achieve sustainable development.

Secondly, from independent quantitative and qualitative evaluations, we should shift to digging out key indicators from qualitative evaluations, making longitudinal and quantitative comparisons and paying more attention to sustainable development capabilities. The construction of the performance evaluation system of listed companies, firstly, relies on the company's strategic planning, and gradually refines the system construction to deal with it. Analyse the company's realistic operating conditions, and explore and explore key performance evaluation indicators based on the Balanced Scorecard (BSC) from four dimensions: financial, customer, business dimensions, and learning and innovation. Secondly, starting from the content of the system construction, optimize the degree of integration of performance evaluation indicators in the system, study and judge the internal performance evaluation guidelines of listed companies, and initially determine the performance evaluation system. Finally trial evaluation, trial implementation within the listed company, for the implementation of the process of problems, to record feedback, after the cycle of diagnosis, for the listed company to build a perfect performance evaluation system, so as to achieve the company's business objectives, to create more economic benefits and social effects.

## 6. Conclusions

Past performance evaluation studies have mostly focused on the evaluation of a single financial indicator. The evaluation of financial indicators cannot cover all the contents of performance evaluation, and only reflects the operating results of enterprises in a certain period of time in the past, lacking consideration and forecast for the future. In view of this, under the new development pattern, the optimization of the performance evaluation system of listed companies starts from two aspects: firstly, to optimize and adjust the weighting of quantitative financial performance indicators and qualitative management performance indicators, and increase the weighting of qualitative management performance indicators; secondly, to shift from independent quantitative and qualitative evaluation to digging out key indicators from qualitative evaluation, making longitudinal and horizontal quantitative comparisons, and paying more attention to sustainable development capability. This study constructs a corporate performance evaluation system from both financial and non-financial indicators, aiming to provide an optimization path for the construction of a performance evaluation system for listed companies, so as to achieve their sustainable development.

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