

## Optimization of Employee Performance Management: A Study in Human Resources of Atour Hotel in China

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Balanced Scorecard; Employee engagement; Goal-setting theory; Hotel industry; Performance management; Self-determination theory; Service organizations; Strategic alignment.

### Abstract

*This study aims to optimize the employee performance management system of Atour Hotel Group, a medium-sized hotel chain in China, in order to better align employee behavior with organizational strategy and enhance sustainable competitiveness in the knowledge-based service economy. Many medium-sized service enterprises still rely on traditional appraisal systems characterized by limited indicators, rigid cycles, weak feedback, and low employee participation, which undermine motivation and restrict performance improvement. These challenges are particularly significant in the hotel industry, where service quality depends heavily on employee initiative and collaboration. Using a qualitative case study design, this research employs literature review, in-depth interviews, participant observation, and document analysis to evaluate the effectiveness of Atour's existing system. The findings indicate weak strategic alignment, overly simplified performance indicators, insufficient continuous feedback, and poor integration between appraisal results and incentives, training, and career development. As a result, employee performance tends to be compliance-driven, service innovation is limited, and high-performing employees show relatively high turnover. Drawing on performance management theory, goal-setting theory, and self-determination theory, the study proposes a practical and theory-based performance management framework tailored to medium-sized service organizations. The proposed system emphasizes participatory SMART goal setting, multidimensional indicators based on the Balanced Scorecard, regular performance communication, transparent evaluation procedures, and differentiated reward and development mechanisms. A participatory, fair, and development-oriented system can enhance employee motivation, engagement, and service quality, thereby reducing turnover and supporting the achievement of organizational strategic objectives. These findings provide practical guidance for hotels and other service enterprises seeking to transform performance management into a strategic driver of employee development and organizational success.*

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## INTRODUCTION

Atour Hotel, as a representative mid- to high-end chain hotel, adopts “humanistic care” and service value co-creation as its core business philosophy. This approach places strong emphasis on employee initiative, emotional labor, and service quality, making human resources a critical strategic asset in organizational management. However, such characteristics also pose challenges to traditional, result-oriented performance management systems that focus narrowly on quantitative outcomes. In the context of the knowledge-based economy, competition among organizations increasingly depends on the ability to attract, manage, and retain high-quality talent. Performance management therefore plays a vital role, not only as an evaluation mechanism, but also as a strategic tool to align individual goals with organizational objectives, enhance employee motivation, and support long-term organizational sustainability.

Despite its strategic importance, performance management in many organizations—particularly medium-sized enterprises in developing economies—remains administrative in nature. These systems often rely on limited performance indicators, are conducted on an annual

basis, and lack continuous feedback and developmental orientation. As a result, performance management fails to function as a motivational and improvement-oriented system, and instead becomes a routine administrative task. This gap between the theoretical ideal of strategic performance management and its practical implementation can reduce employee engagement, weaken motivation, and ultimately hinder organizational performance.

This phenomenon is clearly reflected in the case of Atour Hotel Group in China, which operates several branches and employs hundreds of staff. Although Atour promotes values such as being people-oriented and service excellence, its current performance management system is largely based on only two indicators: customer satisfaction and employee attendance. These indicators do not fully capture employees' actual contributions, such as teamwork, service innovation, problem-solving ability, and initiative in delivering personalized service. Furthermore, the evaluation process is conducted only once a year and lacks a systematic feedback mechanism, limiting employees' opportunities for continuous improvement. Performance targets are determined unilaterally by management, with minimal employee involvement, leading to a weak sense of ownership over work goals.

As a consequence, high-performing employees receive insufficient recognition and development opportunities, prompting many to leave for larger or multinational hotel chains. Meanwhile, low-performing employees remain stagnant due to the absence of guidance, coaching, and constructive feedback. In addition, performance evaluation results are not effectively utilized for promotion, training, or strategic human resource decision-making, reducing the overall value of the performance management system. These issues indicate that Atour's current system is not well aligned with its service-oriented strategy and humanistic management philosophy.

Therefore, there is a clear need to redesign the employee performance management system at Atour Hotel by integrating multidimensional evaluation indicators, participatory goal-setting, continuous feedback mechanisms, and motivational theories. This study aims to develop a scientifically grounded and practically applicable performance management framework tailored to modern hotel organizations. Specifically, the research seeks to identify key elements and design principles of an effective performance management system, examine its role in enhancing employee motivation and engagement, and analyze its contribution to both individual performance and overall organizational effectiveness. The findings are expected to provide practical guidance for improving employee performance management in the hospitality industry, while also contributing academically to the literature on strategic human resource management.

### **Employee Performance Management**

Employee Performance Management (EPM) is a strategic and continuous process aimed at aligning individual performance with organizational goals through goal setting, monitoring, feedback, and evaluation. Aguinis (2019) emphasizes that an effective performance management system (PMS) must be fair, transparent, sustainable, and development-oriented, while Pulakos (2009) highlights its role as a tool for capability development rather than mere administrative evaluation. Recent studies (Harefa et al., 2024; AIHR, 2024) show that modern PMS emphasizes continuous feedback, coaching, and data-driven monitoring to improve employee performance and engagement. Empirical evidence indicates that organizations implementing adaptive and participatory PMS experience higher productivity and lower turnover. Overall, contemporary performance management must shift from periodic evaluation to a dynamic, development-focused, and technology-supported system.

## **Motivation Theory in Performance Management**

Motivation theories provide a strong foundation for effective PMS design. Herzberg's Two-Factor Theory explains that while hygiene factors prevent dissatisfaction, motivating factors such as recognition and growth drive performance improvement. Equity Theory (Adams, 1963) stresses the importance of fairness and transparency in performance appraisal, while Self-Determination Theory (Deci & Ryan, 1985) highlights autonomy, competence, and relatedness as key drivers of intrinsic motivation. Recent empirical studies confirm that participatory goal setting, fair evaluation, and continuous feedback significantly enhance employee motivation, engagement, and retention. Integrating these theories into PMS design enables organizations to improve both performance outcomes and employee well-being.

## **METHODS**

This study adopts a qualitative descriptive approach using a case study method to gain an in-depth understanding of the employee performance management system (PMS) at Atour Hotel and to formulate an optimized model suitable for modern organizational needs. The research is exploratory and applicative in nature, aiming not only to describe existing PMS practices but also to generate practical recommendations to enhance employee motivation and participation. The study is conducted at Atour Hotel Group, a medium-sized hotel chain in China with eight branches and approximately 450 employees, selected due to identified PMS challenges such as limited performance indicators, rigid evaluation cycles, and low employee involvement in goal setting, as well as its people-oriented service philosophy. Data are collected from both primary and secondary sources, including semi-structured in-depth interviews with HR managers, department heads, and employees, participant observation of performance evaluation and feedback processes, and analysis of company documents, appraisal records, and relevant literature. Data analysis follows a thematic approach, involving data familiarization, coding, and theme development to identify system weaknesses, motivational factors, and PMS design principles. To ensure the credibility and validity of the findings, triangulation across interviews, observations, and documents is applied, along with member checking with key informants.

## **RESULTS AND DISCUSSION**

### **Atour Hotel Group A Medium-Sized Hotel Chain In China**

Atour Hotel Group is a Chinese lifestyle hotel company established in 2013. The group positions itself in the mid to upper mid scale hotel segment, targeting urban middle class travelers who value comfort, local culture, and lifestyle experience. Atour operates under a business model that integrates hospitality services with retail driven lifestyle products. By 2024, Atour had expanded its hotel network to more than 200 cities across China, demonstrating rapid but controlled growth. This scale places Atour between small boutique hotel operators and large international hotel conglomerates, classifying it as a medium sized hotel chain. Its expansion strategy emphasizes brand consistency, standardized service quality, and strong operational control rather than aggressive mass market penetration. Atour's business structure is distinctive due to its dual focus on hospitality and retail. In addition to hotel operations, the company develops and sells branded lifestyle products such as bedding and home goods. This diversification strengthens revenue stability and reduces dependence on room occupancy alone. The integration of retail within hotel operations also reinforces brand attachment beyond the stay experience. From a corporate perspective, Atour operates under Atour Lifestyle Holdings Limited, with headquarters

in Shanghai, China. The company follows an asset light strategy, relying heavily on leased and franchised properties. This approach allows faster expansion while maintaining capital efficiency, a key characteristic of medium sized chains seeking scalability without excessive financial risk. Leadership plays a central role in Atour's strategic direction. The company was founded by Haijun Wang, who has served as Chief Executive Officer since its establishment. His long term leadership provides strategic continuity, particularly in brand positioning, service philosophy, and people management. Stable leadership is a critical factor supporting consistent organizational culture across a geographically dispersed hotel network. From an investment and market perspective, Atour has attracted attention due to its strong operational performance and growth potential. Financial evaluations have highlighted solid revenue growth, improving profitability, and effective cost management compared to peers in the hospitality sector. The company's reported intention to pursue a secondary listing in Hong Kong reflects both capital market confidence and Atour's ambition to strengthen its international financial presence. Atour Hotel Group represents a medium sized hotel chain characterized by moderate scale, rapid but disciplined expansion, an asset light operating model, and a hybrid hospitality retail business structure. These characteristics make Atour an appropriate and relevant case for examining performance management systems in organizations that balance growth, service quality, and employee engagement within a competitive hospitality environment.

The following are the hotels studied in this thesis:

#### **Atour Hotel, South Fourth Ring Road West, Beijing Headquarters Base**

The Atour Hotel Beijing Headquarters Base is located in the business core area of the headquarters base in Fengtai District, Beijing, east of KFC, Starbucks, and Shangdao Coffee. It has a superior geographical location and is adjacent to Wanda Commercial Plaza and AEON Dream City. It forms commercial supporting facilities with surrounding headquarters squares, Hanwei International Plaza, Nord Center, and headquarters base areas 1-18. Adjacent to scenic spots such as the Automobile Museum and the World Park. The Atour Hotel at the Beijing headquarters base provides Executive Double Room, Jimu Double Room, Atour - JIMU Twin Room, Superior Double Room, Twin Superior, Twin Executive Room, Suite There are a total of 140 rooms in 10 different room types, Area 22-45 square meters. The guest room environment is warm and modern, equipped with an efficient air conditioning system. Free Wi Fi coverage, 24-hour front desk on duty, library, Chinese restaurant, self-service laundry room, luggage storage, tourism services, proxy parking and other services, equipped with abundant entertainment facilities. Convenient transportation, with the intersection of subway and highway, providing easy access to major attractions and commercial districts in the city. The modern office buildings and high-quality dining and entertainment options in the surrounding area provide comfortable working and leisure spaces for business people.

#### **Atour Hotel, Beijing Happy Valley Subway Station**

Superior location: Located in Building A1, Courtyard 2, Jinchan Happy Park, Chaoyang District, Beijing, it is situated in the core of the Happy Valley commercial district, adjacent to the main entrance of the Beijing Happy Valley scenic area, and only a 5-minute walk to enter the park. The hotel is only 300 meters away from the Happy Valley Scenic Spot Station of Metro Line 7. It takes 15 minutes to get to Universal Studios by subway, and 30 minutes to get to the International Trade Center. Concept and Design: Taking humanistic travel as the core concept, continuing the iconic reading and photography theme design of the Atour brand. There is a bamboo book bar in

the lobby, providing 24-hour free borrowing service, paired with art photography works and an open social space. Room Facilities: The room covers an area of 35-45 square meters and is equipped with a Prandt independent spring mattress, nude level bedding, intelligent guest control system, and high-end washing and protective covers. Some room types offer a panoramic view of Happy Valley. Public facilities: including a 24-hour gym, a laundromat, and a free Congee stall for midnight snack. Fresh coffee is provided at night. Exclusive King Room: Common main room types, with a reference ratio of about 50% -60%, suitable for single or couple occupancy. Exclusive twin room: with a reference ratio of about 30% -40%, suitable for family, friends or business travel. Family room: A small amount of configuration, with a reference ratio of about 5% -10%, suitable for family tourists. The total number of guest rooms is 85

#### **Atour X Hotel, Shanghai Hongqiao Airport Airport Road**

Located near Hongqiao Airport and the National Convention and Exhibition Center, it is a transportation hub and a new business landmark in Shanghai. To provide guests with comprehensive and convenient facilities, the hotel is fully covered with high-speed free Wi Fi. In addition, the hotel has luggage storage, free parking, and facilities such as a restaurant, library, and gym. Advanced air conditioning system ensures that you can enjoy comfortable indoor temperature in any season. 10 room types, with room sizes ranging from 25-40 square meter.

#### **Atour Hotel, Shanghai Hongqiao International Convention and Exhibition Center**

Located at No. 1, Lane 126, Shenchang North Road, Minhang District, Shanghai, in the core area of Hongqiao Commercial Center. Opened in December 2017. Design theme: With "Reading and Humanistic Photography" as the main theme, emphasizing the natural, tranquil, and (attractive) unique spaces of the Atour brand. The hotel has 166 rooms in 8 different room types. There are 105 king size rooms and 52 twin rooms. The area is between 30-40 square meters. Equipped with a conference room that can accommodate 120 people for meetings.

#### **Atour X Hotel, Pazhou Convention and Exhibition Center, Guangzhou Avenue South**

This is a new hotel that will open in 2024, a mid to high end brand hotel under the Atour Group. The hotel is conveniently located next to Exit D of Nanzhou Station, where Metro Line 2 intersects with Guangfo Line. The hotel is equipped with iconic facilities and modern services of the Ado brand. Brand featured spaces: restaurant (attraction), gym (sweating), free self-service laundry room (dust removal), large reading area (bamboo residence). Room configuration: Equipped with high-quality bedding from the Plant series, the room is equipped with wireless charging, Leifen hair dryer, and high-speed Wi Fi. Business facilities: A conference room that can accommodate 100 people (in Mandarin) and provides free printing services. Convenient Facilities: Free large parking lot, electric vehicle charging stations, and support for robot delivery.

#### **Atour X Hotel, Renhe Subway Station, Guangzhou Baiyun International Airport**

Geographical location: Fanghua Road, Renhe Town, Huadu District, Guangzhou City, adjacent to Renhe Subway Station and Guangzhou Baiyun International Airport. Core advantages of transportation and shuttle services: Providing free airport shuttle services. Located near Renhe Station on the northern extension of Metro Line 3, it provides convenient transportation. Services and Facilities: Includes free parking, Atour brand featured services (such as self-service laundry room "Dust Removal", reading space "Bamboo Residence", etc.). Basic room types: deluxe king room, twin room. Upgraded room type: a few wooden king size bed room (an iconic upgraded room type of Atour, usually equipped with more facilities). Featured room types: It is highly likely to offer "zero pressure rooms" (focusing on sleep experience) or accessible rooms.

#### **Atour Hotel, Hanjiang Road Pedestrian Street, Wuhan (High-altitude River View)**

Wuhan Jiangnan Road Pedestrian Street High altitude Jiangjing Atour Hotel is a high-altitude landscape hotel located on floors 51-56 of Ping'an Building, No. 888 Zhongshan Avenue, Jiangnan District, Wuhan City. The hotel has a superior geographical location, with HAPPY platform, Wuhan Water Tower, Dahankou Food Street, and other attractions on the basement level. Surrounding areas include Wangfujing Department Store, Dayang Department Store, Jiangnan Road Pedestrian Street, as well as shopping malls, food streets, and music bars. The subway and bus stop lines are clustered at the entrance of the hotel, providing convenient transportation. The hotel focuses on reading and local photography, and has a restaurant (photo), a laundry room for washing, ironing, and drying (dust removal), a well-equipped gym (sweating), and a reading club (bamboo house), creating an ideal accommodation experience for mid to high end business travelers. All guest rooms are equipped with 100M high-speed fiber optic full WIFI coverage, and free parking is also provided. The hotel offers a variety of room types to choose from, including Jimu River View King Room, Jimu River View Twin Room, Premium City View King Room, Executive City View King Room, Premium River View Twin Room, Executive River View Twin Room, River View Best Friend Room, River View Family Room, etc., to meet the needs of different guests. Each room type is equipped with basic facilities such as air conditioning, shower, TV, refrigerator, etc. Some room types are also equipped with sofa beds. There are full french window in the room, overlooking the river view, city view and night view light show. Some rooms also use smart home voice control, equipped with electric curtains, smart toilets, etc.

#### **Atour Hotel, Hankou Financial Center, Wuhan Plaza**

Wuhan Square Hankou Financial Center Atour Hotel is a high-altitude scenic hotel located at 396 Xinhua Road, Jiangnan District, Wuhan City. The 333 meter high China Minsheng Bank Building and the US Consulate General in China are located on the lower floors of the same building. The hotel is adjacent to Wuhan New World Department Store and Wansongyuan Food Street, with convenient transportation. The hotel's aerial lobby is located on the 41st floor of the building, with a 9-meter-high viewing space. The guest rooms are located on the top floor of the building, offering a 360 degree view and a panoramic view of the river and lake. The hotel supplies all adopt international high star standards, equipped with 65 inch 4K Philips TV, Silian mattress, etc. There are also facilities such as a restaurant, multifunctional meeting room, 24-hour laundry room for washing, ironing, and drying, 24-hour exclusive gym, and lobby book bar. The hotel has 124 guest room.

#### **Scientific and Operational Employee Performance Management System That Meets the Needs of Modern Organizations**

**Table Survey Data**

No	PMS Component	Required Data	Key Problems Identified	Proposed PMS Design	Expected Impact
1	Organizational Strategy	Hotel vision, people-oriented values, service excellence goals	Strategy not translated into daily employee behavior	Align PMS directly with service quality and people-oriented strategy	Clear linkage between employee performance and hotel strategy

2	Performance Objectives	Current unilateral targets, lack of employee input	Low sense of ownership and weak motivation	Participatory SMART goal setting between managers and employees	Higher engagement and stronger commitment to targets
3	Performance Indicators	Current indicators: customer satisfaction and attendance only	Employee contributions not fully captured	Multidimensional indicators: service quality, teamwork, initiative, learning	Fair and comprehensive performance measurement
4	Monitoring and Feedback	Annual evaluation cycle, no continuous feedback	Delayed improvement and unclear expectations	Regular monthly or quarterly check-ins with specific feedback	Faster performance improvement and clarity
5	Performance Appraisal	Low transparency and no appeal mechanism	Perceived unfairness and low trust	Transparent scoring, clear weighting, and clarification process	Increased trust and perceived fairness
6	HR Decisions	Performance results linked only to salary increase	No career development or recognition pathway	Link performance to incentives, promotion, training, and recognition	Reduced turnover and higher retention of high performers
7	Employee Development	Lack of training and career paths for high performers	Stagnation and loss of talent	Targeted training, coaching, and merit-based career paths	Enhanced competence and career satisfaction
8	Organizational Performance	High turnover and stagnant service innovation	Limited improvement in service quality	Need-based PMS supporting innovation and collaboration	Improved service quality, lower turnover, sustainable growth

Table Survey Data presents a comprehensive overview of the employee performance management system (PMS) and highlights both the weaknesses of the existing system and the proposed design for improvement. The table demonstrates that the main challenge does not lie in the absence of formal PMS procedures, but rather in the weak integration between organizational strategy and employees' daily work practices. Although the hotel has clearly articulated its vision, people-oriented values, and service excellence goals, these strategic elements are not effectively translated into concrete performance expectations at the employee level, resulting in limited understanding of how individual contributions support long-term organizational success. Performance objectives are predominantly determined through a top-down approach, positioning employees as passive recipients of targets rather than active participants in goal formulation. This condition diminishes employees' sense of ownership and weakens intrinsic motivation, indicating the importance of participatory SMART goal-setting to enhance engagement and commitment. Furthermore, existing performance indicators focus mainly on customer satisfaction and attendance, failing to capture essential internal contributions such as teamwork, initiative, service

quality, and learning behavior. As a result, many dimensions of employee performance remain invisible and unrewarded, underscoring the need for multidimensional indicators that balance both outcomes and work processes. Monitoring and feedback mechanisms are also conducted at long intervals, typically annually, which delays performance improvement and creates uncertainty regarding expectations. Regular monthly or quarterly feedback is therefore essential to support continuous development and clarify performance standards. Performance appraisal emerges as the most sensitive component of the system, as limited transparency, unclear weighting, and the absence of an appeal mechanism generate perceptions of unfairness and erode employee trust. Transparent scoring procedures, clear evaluation criteria, and open communication of results are critical to restoring confidence in the PMS. Additionally, performance results are currently linked only to salary adjustments, offering no structured pathways for career development, recognition, or targeted training, which contributes to stagnation, high turnover, and the loss of high-performing employees. Overall, the redesigned PMS reflected in the table represents a shift from an administrative and control-oriented approach toward a participative, people-centered, and development-focused system. By integrating strategic alignment, employee involvement, continuous feedback, fair appraisal, and structured development opportunities, the PMS functions not merely as a control mechanism but as a strategic tool to enhance employee motivation, service quality, and sustainable organizational growth.

### Key Elements and Design Principles for a Performance Management System That Effectively Enhances Employee Motivation and Participation

Table Survey Data

No	Data Group	Empirical Evidence	Derived PMS Element	PMS Design Principle	Contribution to Research Objective 2
1	Employee Motivation Data	90% targets set unilaterally; 65% work at minimum level; 55% dissatisfied with PMS	Motivation-oriented PMS structure	PMS must integrate intrinsic and extrinsic motivation; performance outcomes must be meaningful	Establishes motivation as a core PMS design principle
2	Employee Participation Data	90% not involved in goal setting; 70% want two-way communication; 65% lack ownership	Participatory goal-setting mechanism	Performance goals must be jointly set; PMS must enable dialogue	Defines participation as a structural PMS element
3	Performance Target Setting Data	Only two indicators used; 60% say indicators do not reflect contribution	SMART and aligned performance objectives	Targets must be realistic, multidimensional, and aligned with strategy	Formulates fair and motivating target design principles
4	Feedback and Communication Data	Evaluation once per year; 80% want frequent feedback;	Continuous feedback and monitoring system	PMS must be continuous; feedback must be timely and developmental	Positions feedback as a key motivator and participation driver

		feedback not specific			
5	Fairness and Transparency Data	75% doubt fairness; 40% cannot appeal; scoring methods unclear	Transparent appraisal process	Criteria and weighting must be explicit; appeal mechanism required	Builds trust and fairness into PMS design
6	Recognition and Reward Data	Only 5% raise for top 20%; 70% find incentives inadequate; 90% want non-financial recognition	Differentiated reward and recognition system	Rewards must be tiered; recognition must include non-financial forms	Links PMS design to sustained motivation
7	Career Development Data	85% high performers never promoted or trained; promotions based on seniority; 35% turnover	Performance-based career development pathway	Performance must link directly to promotion and training	Positions PMS as a talent retention mechanism
8	Psychological Needs Data	65% lack belonging; 80% teamwork unrecognized; 70% lack work meaning	Need-oriented PMS framework	PMS must support autonomy, competence, and relatedness	Provides theoretical grounding for motivation-focused PMS design
9	Organizational Outcome Data	25% total turnover; 35% high-performer turnover; CS score stagnant at ~4.0; 40% complaints due to coordination failure	PMS evaluation and improvement mechanism	PMS must be adaptive and periodically reviewed using outcome data	Validates PMS design principles through organizational outcomes

This section discusses the key elements and design principles of a performance management system (PMS) that enhances employee motivation and participation based on Table Survey Data from Atour Hotel Group. The survey results indicate that the existing PMS is largely top-down, compliance-oriented, and insufficiently aligned with employees' psychological and professional needs. Most employees are not involved in goal setting, perceive performance indicators as incomplete, receive feedback infrequently, and doubt the fairness of appraisal outcomes. These conditions weaken motivation, reduce ownership of performance targets, and limit proactive behaviors such as teamwork, initiative, and service innovation. At the organizational level, these individual constraints contribute to stagnant customer satisfaction, coordination problems across departments, and high turnover, particularly among high performers. Based on the survey data, an effective PMS should be designed around participatory goal setting, SMART and multidimensional

performance indicators, continuous feedback, transparent appraisal processes, differentiated rewards, and performance-based career development. Integrating these elements positions the PMS not merely as an administrative control tool, but as a strategic mechanism that aligns individual performance with organizational goals, enhances employee engagement, and supports sustainable service quality improvement at Atour Hotel Group.

**Figure Conceptual Performance Management System Framework Integrating RO1 and RO2**

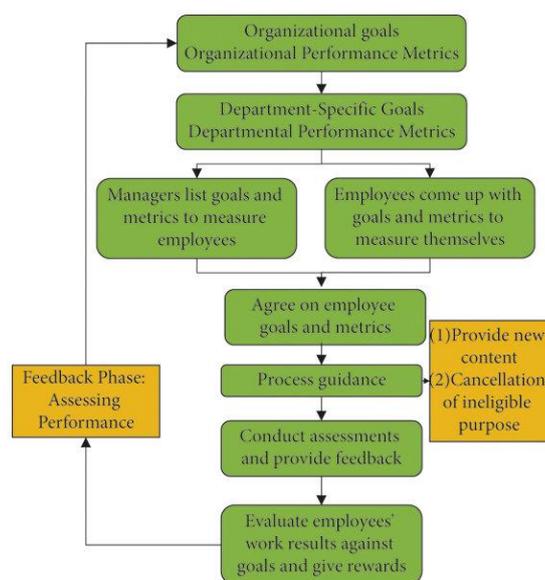


The proposed framework illustrates a coherent cause-and-effect relationship between organizational strategy, employee psychology, and performance management system (PMS) design. At the top level, the framework integrates organizational needs—such as service excellence and people-oriented values—with employee needs for autonomy, competence, and relatedness, as explained by Self-Determination Theory, alongside empirical evidence indicating low motivation, participation, and trust. These three inputs jointly inform the PMS design principles, which emphasize strategic alignment, participatory goal setting, multidimensional performance indicators, continuous feedback, transparency, fairness, and differentiated rewards linked to career development. These principles are operationalized through core PMS mechanisms, including participatory SMART goal setting, behavior- and result-based performance measurement, regular monitoring and feedback, and transparent appraisal with appeal processes. HR actions such as rewards, recognition, training, and promotion are directly embedded within the PMS, ensuring a clear linkage between effort, performance, and valued outcomes in line with Expectancy Theory. Through these mechanisms, the PMS generates positive psychological outcomes, including higher motivation, stronger goal ownership, enhanced engagement, perceived fairness, and meaningful work. These psychological improvements ultimately translate into organizational outcomes such as reduced turnover, retention of high performers, improved service quality, and stronger cross-department collaboration. Overall, the framework demonstrates that an effective PMS functions as a strategic bridge that transforms individual motivation and behavior into sustainable

organizational performance and long-term competitive advantage.

### The Extent To Which The Implementation of an Effective Performance Management System can Improve Individual Performance and Overall Drive the Achievement of Organizational Goals

Figure Performance Evaluation and Feedback Process Based on Participatory Goal Management



• Figure illustrates a comprehensive performance evaluation and feedback process based on participatory goal management, showing how organizational strategy is translated into individual employee performance through a continuous and developmental cycle. The process begins with organizational goals and performance metrics, which are cascaded into department-level targets to ensure vertical strategic alignment. Managers and employees then jointly propose and negotiate individual goals and performance indicators, reflecting a participatory approach that strengthens commitment and clarity of expectations. Once goals are agreed upon, managers provide ongoing guidance and coaching during task execution, emphasizing support rather than control. Performance assessment and feedback are conducted continuously, allowing employees to adjust behavior in a timely manner and supporting learning and improvement. Evaluation results are linked directly to rewards and recognition, reinforcing the connection between effort, performance, and valued outcomes while maintaining fairness and transparency. The feedback loop also enables system learning, where performance indicators and goals can be refined to remain relevant to organizational needs. Overall, the model demonstrates that an effective performance management system integrates alignment, participation, feedback, fairness, and adaptability to enhance individual motivation and performance, which ultimately contributes to improved service quality, stronger teamwork, lower turnover, and the achievement of Atour Hotel’s long-term strategic goals.

### CONCLUSION

This study examined how the employee performance management system (PMS) at Atour

Hotel Group can be optimized to enhance employee motivation, service quality, and long-term organizational development. The findings show that Atour's existing PMS tends to function as an administrative control mechanism rather than a developmental and motivational system. Performance goals are largely set top-down, indicators are narrow, feedback is infrequent, and appraisal results are weakly linked to rewards and career development. As a result, employees focus on meeting minimum standards rather than demonstrating initiative, collaboration, and service innovation, which contributes to stagnating customer satisfaction and high turnover, particularly among high performers.

To address these challenges, this study proposes a participatory and development-oriented PMS framework aligned with Atour's people-oriented service excellence strategy. The optimized system emphasizes participatory goal setting, multidimensional performance indicators that capture service quality and teamwork, continuous feedback and coaching, transparent and fair appraisal processes, and a strong linkage between performance outcomes and rewards, training, and career development. When integrated, these elements transform PMS into a strategic mechanism that strengthens employee ownership, motivation, and engagement, while supporting service consistency, talent retention, and organizational competitiveness. The Atour Hotel case demonstrates that effective performance management serves as a strategic bridge between individual effort and organizational success in service-oriented organizations.

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