# Innovative Design of Compensation Management System in Enterprise Human Resource Management

# Jiang Li

Jiangsu Vocational Institute of Commerce, 211168, China

Keywords: Human Resources; Salary; Management System; Innovative Design

**Abstract:** In recent years, with the development of China's economy and the changes of market economy environment at home and abroad, the original salary management system has become increasingly difficult to meet the development needs of enterprises. At present, most enterprises have some problems, such as high salary inefficiency, low salary satisfaction, narrow career development channels, few promotion opportunities, low staff morale and low work enthusiasm. Therefore, it is urgent to innovate and optimize the salary management system of enterprises. In this paper, based on the theory of comprehensive compensation and broadband compensation, the optimization scheme is formulated, which has certain guiding significance for improving the organizational efficiency of enterprises and the effectiveness of human resources incentives.

#### 1. Introduction

With the introduction of market mechanism, the change of internal and external environment and the improvement of company management foundation, the original salary distribution system is more and more difficult to meet the development needs of enterprises. By describing the theoretical basis of salary design, according to the salary design strategy, basic principles and methods of comprehensive salary and broadband salary design, this paper hopes to identify the impact of comprehensive salary and broadband salary on enterprise's technological innovation ability through the study of existing human resources management, comprehensive salary and broadband salary management, so as to effectively integrate internal salary and external salary. Based on full consideration of the diversity of employees' needs and the purpose of enterprises to attract, motivate and retain talents by using full pay and broadband pay, this paper hopes to provide theoretical support for companies that need to optimize their pay system.

# 2. Main Problems of Compensation System in Enterprises

# 2.1. Unclear salary strategies

At present, the salary strategy of many enterprises is not clear enough, and the supporting role of salary strategy for the development strategy of enterprises has not yet been reflected. Therefore, the combination of salary strategy and enterprise strategy needs to be further strengthened [1]. In view of different development stages of enterprises, different development strategies have not been formulated in time and corresponding compensation strategies have not been adjusted. The lack of clear definition of key positions leads to higher labor costs and unfair negative effects within employees. The incentive effect of key positions is not obvious. Emphasis should be placed on tilting the incentives of the post and other positions in the final distribution of the gap is not big, especially compared with market value has no certain advantage. The advantages of key and auxiliary positions as well as market value are not obvious enough. The strategies of salary level, incentive, structure and combination need to be further clarified [2]. On the basis of regular market salary survey, it is necessary to grasp the dynamic changes of salary levels in key positions in time, take into account the company's financial affordability, and ensure the external competitiveness of the company's salary.

DOI: 10.25236/isaicn.2019.054

### 2.2. Imperfect salary incentive system

In most companies, the gap of fixed wage is small, especially among the general employees. If the outstanding talents are not promptly motivated, it will inevitably lead to a sense of injustice among the outstanding talents for a long time, thus damaging the enthusiasm and creativity of the outstanding talents, which to a certain extent leads to "high salary and low efficiency" [3]. At the same time, the company's performance appraisal should allocate the total performance salary of the department according to the results of the department appraisal, and the department leaders should decompose the total performance salary into the individual employees of the department according to the allocated total performance. Departments generally do not have a standardized and quantifiable performance appraisal system for employees, so the appraisal is often based on the personal impression and experience judgement of department leaders. The lack of pertinence, effectiveness, fairness and guidance of salary incentive leads to the lack of salary incentive.

### 2.3. Unfair salary distribution

The fairness of salary management is composed of personal fairness, intrinsic fairness, procedural fairness and distribution fairness. At present, many enterprises do not combine their own development reality and enterprise strategic development needs job value evaluation, and they adopt the non-differentiated wage series. The salary level of different departments in the same position does not correspond to the actual value of the position [4]. In terms of consistency between salary and job value, there is insufficient internal fairness in salary. At the same time, the level and standard of salary distribution in enterprises have not been adjusted or substantially changed for many years. The range ratio of posts is high; the range ratio of other posts is low; and the fairness of distribution is not scientific.

### 3. Innovative Design of Human Resource Compensation Management System in Enterprises

### 3.1. Basic principles of compensation design

The first is the principle of competitiveness. In order to ensure that the company's salary level has a strong attraction in the same industry and region and satisfy the three major effectiveness of salary, namely recruitment efficiency, core staff retention efficiency and incentive efficiency, the company's salary level needs to have a certain degree of market competitiveness [5]. The second is the principle of fairness. The fairness of salary management is composed of personal fairness, intrinsic fairness, procedural fairness and distribution fairness. Specifically, personal fairness requires that even if employees are in the same position, there are differences in salary treatment when they make different contributions; internal fairness refers to the matching of salary level with actual value; procedural fairness requires that fairness be guaranteed when salary is distributed; and distribution fairness is measured by the gap in salary distribution [6]. The third is the incentive principle. Incentive means that the company's salary management system should stimulate employees' creative potential and work enthusiasm. The design of company salary system should focus on the salary gap between salary levels and salaries, and encourage employees through scientific and reasonable salary structure. The fourth is the principle of legality. Legitimacy represents that the company's salary management system should conform to the national laws, regulations and policy system. Based on the minimum wage standard, the relevant provisions of the Labor Law on compensation for dismissal of employees, holiday overtime wages and so on, equal pay for equal work, corporate social responsibility, human resources management ethics should also be included in the scope of legitimacy principle.

### 3.2. Formulation of compensation strategy

Compensation strategy refers to the guiding ideology and principles of compensation management formulated according to enterprise strategy. Compensation strategy focuses on the standard and difference of compensation payment compared with competitive enterprises of the same scale. On the one hand, salary strategy is based on enterprise strategy, so the formulation of

salary strategy must reflect the strategic needs of enterprises. On the other hand, the salary strategy should support the realization of the enterprise's strategic objectives. Through strategic analysis, enterprises can find out the key factors to promote strategic success and design compensation strategies to motivate and drive these key factors, and adjust the key success factors through compensation policies [7]. The salary strategy includes salary level strategy, salary incentive strategy, salary structure strategy and salary combination strategy. The salary level strategy includes salary leading strategy, salary following strategy, salary lagging strategy, market matching strategy and contingent salary level strategy. Among them, compensation leadership strategy includes comprehensive leadership strategy, partial leadership strategy and individual leadership strategy using mixed compensation strategy. The core and key post enterprises should adopt the strategy of market leading, while the general post enterprises should adopt the strategy of market matching. Enterprises should increase the incentive to core and key talents, and ensure that the salary level of general employees is in line with the market, so as to maximize the use of incentive effect of salary to enhance enterprise efficiency.

# 3.3. Welfare optimization design

Modern enterprises generally provide enterprise welfare to provide all aspects of protection for employees. Scientific and reasonable welfare schemes can attract, stabilize and motivate core employees, and give full play to their advantages of tax and group preferences as well as meeting employees' equal and belonging needs. Employee welfare meets the needs of employees themselves. In addition to the normal salary, the company provides all kinds of services to employees and their families. Welfare generally consists of two branches of enterprise welfare and statutory welfare [8]. Among them, the statutory welfare representative is the type of welfare that enterprises must provide to employees according to the laws and regulations promulgated by the state, such as maternity leave, sick leave, marriage and funeral leave, family visit leave and other welfare systems explicitly stipulated by the government. Enterprise welfare is a variety of welfare projects designed by enterprises according to their own conditions. Based on the needs of employees at different levels, western countries continue to launch projects for new employees, such as life insurance, child care services, elderly care services, employee assistance and so on.

# 4. Guarantee Measures for the Implementation of Compensation Management System

### 4.1. Organization guarantee

Enterprises should establish and improve the leading group of salary work and establish the company's salary committee to provide organizational guarantee for further promoting the optimization scheme of salary system. Major leaders should attach great importance to the optimization of salary system and give strong support in manpower and financial resources. The Compensation Committee shall be responsible for the leadership and overall coordination of the optimization of the company's compensation system and for the audit of the compensation system plan. In the process of optimizing the salary system, the Human Resources Department should be responsible for planning and implementing the plan, organizing various departments to carry out job analysis and job evaluation, collecting and investigating dynamic salary data of industries and regions, grasping the market salary level of the industry, and objectively and comprehensively analyzing the company's salary management, so as to adjust and optimize salary programme in time [9].

# 4.2. Propaganda and training guarantee

The process of optimizing salary management system involves a wide range and is closely related to the interests of each employee. Therefore, before optimizing the salary management system, the company must let employees fully understand the importance of optimizing the salary system, and increase publicity through various channels. The contents involved include the basis and method of job evaluation, the content of comprehensive salary system and the level of salary

market. It is necessary to change the traditional concept of employees, raise their awareness, make employees understand, understand and accept the optimization scheme of salary system, and support and cooperate with related work. In order to avoid conflicting feelings and resistance caused by inadequate communication, enterprises should actively promote the progress of new programs. At the same time, the salary system design has a high demand for professionalism, so it requires managers at all levels to be skilled in the use of operational methods and related theories [10].

### 4.3. Mechanism guarantee

According to the company's enterprise development plan, it is necessary to decompose and formulate special human resources planning to support its actual landing, to formulate the matching plan between supply and demand of human resources, post planning, salary supporting system planning and human resources informationization planning, to establish and improve the company's human resources planning system, to coordinate the allocation of resources and investment of funds, and to ensure the human resources salary work. Sustainable development. At the same time, it is also very important to establish a human resources salary system to promote the work evaluation mechanism, to clarify the work priorities and relevant assessment criteria of each department in each period, and to carry out regular special evaluation of the work.

### 4.4. Supervision guarantee

Without effective supervision and guarantee, the new salary system can hardly be smoothly promoted. Therefore, after the operation of the new salary system, enterprises must also track and monitor the implementation of the scheme, and the new salary scheme needs timely feedback and adjustment. Effective supervision and restraint mechanism must be established to ensure the implementation of the new system. Enterprises should regularly carry out task cleaning and evaluation in order to enhance the consciousness of employees and organize comparative investigation.

### 5. Conclusion

The salary management system based on human resources management is conducive to the long-term sustainable and healthy development of enterprises, which involves the long-term interests of enterprises. At present, many enterprises have salary problems, so the salary management system needs to be improved. The formulation of salary strategy should meet the development needs of enterprises according to the strategy of enterprises, and optimize the welfare design accordingly. In order to ensure the implementation of the salary management system, it is feasible to start and implement from four aspects: organizational guarantee, publicity and training guarantee, mechanism guarantee and supervision guarantee to ensure the reasonable operation of the salary management system.

#### References

- [1] Hao Z, Xu G, Zhang Y, et al. Salary Management System for Small and Medium-sized Enterprises. Physics Procedia, 2012, 24:2255-2260.
- [2] Ma C H. A brief analysis on science and technology development and enterprise salary management in agricultural science and research organizations. Guizhou Agricultural Sciences, 2010, 38(1):184-186.
- [3] Yang C Y. Design and Implementation of University Administrative Management System. Applied Mechanics & Materials, 2014, 599-601:2104-2107.
- [4] Wu Y, Wei L, Bian Q. The research on performance management for new energy project oriented company based on information system in China. Renewable & Sustainable Energy Reviews, 2012, 16(7):4370-4378.

- [5] Li C Y, Song H B, Liu L W. The Study of Mining Human Resources Management of Yunnan Province. Advanced Materials Research, 2015, 1073-1076:1525-1528.
- [6] John T A, John K. Top-Management Compensation and Capital Structure. Journal of Finance, 2012, 48(3):949-974.
- [7] Dechow P M, Myers L A, Shakespeare C. Fair value accounting and gains from asset securitizations: A convenient earnings management tool with compensation side-benefits. Journal of Accounting & Economics, 2010, 49(1-2):2-25.
- [8] Coombs J E, Gilley K M. Stakeholder Management as a Predictor of CEO Compensation: Main Effects and Interactions with Financial Performance. Strategic Management Journal, 2010, 26(9):827-840.
- [9] Tao N B, Hutchinson M. Corporate governance and risk management: The role of risk management and compensation committees. Journal of Contemporary Accounting & Economics, 2013, 9(1):83-99.
- [10] Adeoye A O, Fields Z. Compensation Management and Employee Job Satisfaction: A Case of Nigeria. Journal of Social Sciences, 2014, 41(3):345-352.