



**RESEARCH ON INCENTIVE MECHANISM OF SMALL AND MEDIUM PRIVAT  
ENTERPRISES BASED ON HUMAN-ORIENTED MANAGEMENT  
-TAKE ZHBD COMPANY AS AN EXAMPLE**

**MINGZHE LI**

**5817193017**

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-TAKE ZHBD COMPANY AS AN EXAMPLE**

**Thematic Certificate**

To

**MINGZHE LI**

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Advisor: *Chi, Ching-fang* Date: *2018 / 1 / 6*

(Asst. Professor. Ching-Fang Chi)

*Jomphong*  
(Assoc. Professor. Dr. Jomphong Mongkolvanich)

Dean of Faculty of International Master of Business Administration

Date: *09 / 01 / 2018*

Siam University, Bangkok, Thailand

## Abstract

Title: Research on Incentive Mechanism of Small and Medium Private Enterprises Based on Human-oriented Management-Take ZHBD Company as an Example

By: Mingzhe Li

Degree: Master of business Administration

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Advisor: Chi, Ching-fang

(Ass. Professor. Ching-Fang Chi)

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With the advancement of China's market economy and the rapidly increasing pace of industrialization and urbanization, within the context that China's overall economy is at the transition period, the pressure of work and life for people is growing, meanwhile, the pressure on enterprises is also growing, especially for small and medium private enterprises, they are facing a lot of development bottlenecks. An important factor in the development of an enterprise is the human problem. The key to the sustainable development of enterprises is whether the human resources department can fully release and tap the potential of staffs, therefore, a set of effective, systematic and scientific incentive mechanism for enterprises is undoubtedly an important tool to fully tap the potential of staffs and improve the staff's job satisfaction. Talent competition is the driving force for the continuing operations of small and medium private enterprises. By investigating the status quo of ZHBD's incentive mechanism, this paper analyzes the existing problems and puts forward a set of construction strategy for systematic incentive mechanism. The enterprise incentive mechanism plays an important role in stimulating the enthusiasm, initiative and creativity of the staff and realizing the expected goals of the enterprise. Taking ZHBD Company as an

example, this paper analyzes the existing problems and causes of the enterprise incentive mechanism, also based on the basic idea of humanism and the reality of our country, this paper constructs the mode of enterprise incentive mechanism and puts forward the corresponding countermeasures and suggestions on resolving the problems existing in the enterprise incentive mechanism from the aspects of strengthening the construction of enterprise culture, providing education and training, giving reasonable remuneration and appointing proper work.

This paper analyzes the full text by drawing on the theory of incentive related theory from the incentive theory in the perspective of psychology and management theory. After proposing the research background, the significance of the topic, the Connotations, the method and the technical route of the research, this paper summarizes the relevant literatures, and then determines the research methods, analyzes the problems and causes of ZHBD's current incentive mechanism. Through the questionnaire survey of staffs, this paper further analyzes and expounds the problems of the company's current incentive mechanism; moreover, it specifically analyzes the management issues of the company from the internal and external environment, business development and individual staff and other aspects of the company. Finally, according to the conclusion of the survey, this paper puts forward the corresponding suggestion, that is, the design and implementation of ZHBD company incentive mechanism based on humanistic management.

**Key Words: Small and Medium Private Enterprises; Incentive Mechanism; Incentive System**

## 摘 要

题目：基于人本管理的中小民营企业人员激励机制研究——以 ZHBD 公司为例

作者：李明哲

学位：工商管理硕士

专业：工商管理

导师：

*Chi, Ching-fang*

(助理教授：曲静芳)

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随着我国市场化经济的推进，且在我国经济整体处于转型期的大背景下，工业化、城镇化的脚步不断加快，工作、生活的压力对于人们来说越来越大，同时，给企业的压力也越来越大，特别是中小民营企业，面临了很多的发展瓶颈。一个企业发展的好坏，一个重要的因素是人的问题，企业发展持续下去的关键是人力资源部门是否能够充分释放和挖掘员工的潜力，而一套有效、系统、科学的激励机制对于企业来说，无疑是充分挖掘员工潜力、快速提升员工工作满意度的一个重要工具。人才的竞争是中小民营企业持续下去的源动力。通过调查 ZHBD 公司激励机制的现状，对存在的问题进行分析，从而提出一套系统的激励机制构建策略。企业激励机制是激发企业员工积极性、主动性和创造性，实现企业预期目标的重要职能。以 ZHBD 公司为例，通过分析该企业激励机制存在的问题及其成因，借鉴人本原理的基本思想并结合我国的实际，构建企业激励机制模式，并从加强企业文化建设、提供教育培训、给予合理报酬、委以恰当工作等几个方面提出解决企业激励机制存在问题的相应对策和建议。

本论文借鉴激励相关的理论知识，从心理学角度的激励理论和管理学角度的激励理论对全文进行分析。在提出本文研究的背景及其选题的意义、研究的内容、方法和技术路线后，对相关文献进行综述，然后确定本文的研究方法，对 ZHBD 公司的现行激励机制的问题及原因分析，通过对员工的问卷调查，进一步深入分析，阐述公司现行激励机制的问题，通过对公司内外部环境、经营发展及员工个体等方面具体分析该公司的管理问题，最后根据调查的结论，提出相应的建议，

即基于人本管理的 ZHBD 公司激励机制的设计与实施。通过对 ZHBD 公司激励机制的分析，发现问题后，根据行业特点及公司发展方向，重新构建符合该公司的激励机制，设计激励机制模式，制定激励机制流程，通过物质与精神相结合、纵向层次化、个体差异性等激励机制，激发员工的热情、增强员工的能力，为公司发现人才、留住人才。

**关键词：**中小民营企业；激励机制；激励制度



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Sincerely yours,

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Siam University

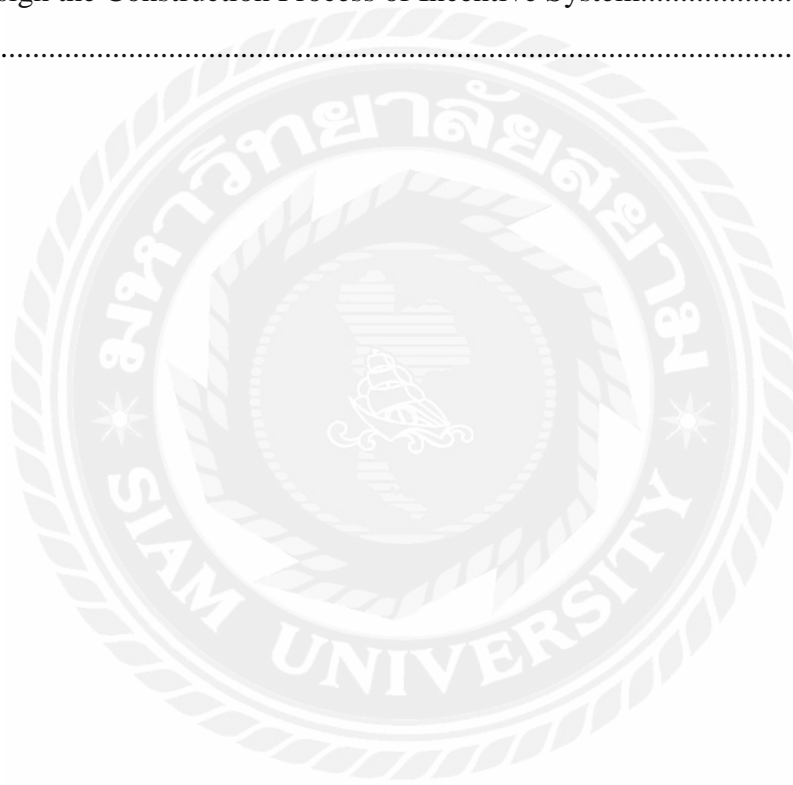




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# Chapter I

## Introduction

### 1.1 Research Background and Motivation

In recent years, with the continuous development of China's economy, the Government introduced a variety of preferential measures to encourage entrepreneurship; therefore, many small and medium enterprises have sprung up constantly in various industries. These small and medium enterprises is widely distributed and large in quantity, which is now the most dynamic economic growth point in China's economic system, and the proportion of the national economy is increasing day by day. Although small and medium enterprises are constantly growing, the overall level of development is low, the reason lies in the management problem, and the "human management" is the most important management.

The competitiveness of small and medium enterprises is the competition for talent. Human resources is the greatest wealth of enterprises, so the most valuable capital of enterprises is talent. Only to attract and retain talent can the enterprises win in the increasingly fierce competition. However, in a considerable number of domestic small and medium enterprises, entrepreneurs are always blindly in the pursuit of output and profits, while neglecting talents who create these output and wealth. Most of them adopt a paternalistic approach in management, lack of concept and methods of human-oriented management, and ignore the communication with staffs as well as the authorization and assignments of staffs.

ZHBD company was established in 2010 as a decoration company specializing in architectural decoration design and construction. This five-year-old company has grown from a company that can only contract millions of businesses to tens of millions of businesses. It not only undertakes the project in Beijing, but also gradually develop businesses outside. As a young company, the growing team is also younger in age, and the staff would be increased accordingly when the company grows. A company with a few people is easy to manage, but for the company with hundreds of people, how to manage the staff is now a problem that needs to be addressed urgently. Management problems cause the lack of vitality, poor

management, and decrease in internal operating efficiency, so there is a serious brain drain in the company.

Therefore, one of the motivations of this paper is to find the main crux based on the understanding of the company. The results show that the root of the problem is that the company ignores the human-oriented management. Because there is no effective incentive mechanism to stimulate the enthusiasm of the staff, the labor efficiency and work effort of the staff are generally low, which leads to the serious loss of talents, therefore reducing the core competitiveness of the enterprises and seriously affecting the business stability and market impact of the company. How to improve the current situation, only to make a practical and practical results of the countermeasures, with a view to improving the status quo of the current human-oriented management of the company and establishing a win-win goal for the mutual interest of staffs and the company. To meet the requirements of human-oriented management, and fully stimulate the enthusiasm of the staff through developing a reasonable incentive mechanism and under the premise of complying with corporate values, so as to retain talent, maximize the value of the company, and ultimately achieve a win-win situation.

In addition, the concept and methods of human-oriented management in management has an important role to improve the enterprise core competitiveness and achieve dominance of market competition. The concept of human-oriented management has been implemented and rewarded by more and more enterprises, and it has gradually become a new trend on the management development for the modern successful enterprises. However, incentive mechanism is both an important part and an important method of human-oriented management. A perfect incentive mechanism can fully mobilize the enthusiasm of the staff, enhance the cohesion of the enterprise, and realize the win-win goal for the mutual interest of staffs and the company. With ZHBD company as the research object, this research will explore how to achieve retain talents and make good use of them to maximize the profit by developing various incentive mechanisms based on the basic ideas and methods of human-oriented management. Make some theoretical significance on the enrichment and development the applications of the ideas of human-oriented management as well as the improvement of enterprise incentive mechanism is the second motivation of this paper.

## **1.2 Research Objective**

Research objective of this paper is to: explore the need for enterprises to establish incentive mechanism through the analysis of the status of ZHBD company management; reconstruct the incentive mechanism that conforms to the company's actual situation by combining with the company's environment and staff characteristics and the use of human-oriented management ideas; design the incentive mechanism mode and develop the incentive processes; stimulate the enthusiasm of the staff and enhance their hero awareness, thus enhancing their abilities on work through the implementation of material and spiritual combination, vertical hierarchy, individual differences and other incentives; Provide a certain reference to the enhancement of the efficiency of the talent management of ZHBD company.

## **1.3 Research Scope**

This research focuses on the incentive mechanism for human resources of the small and medium private enterprises by taking ZHBD company's current incentive mechanism and its implementation and staff satisfaction as the research scope, and the research object includes all the staff of ZHBD company.

## **1.4 Research Limitations**

Due to my personal ability and the lack of research conditions, there are some restrictions in this research, which mainly include the following aspects:

Because of the limitation of the relevant data and the scope of the research work, this paper cannot carry out a general analysis that takes the overall China's small and medium private enterprises in China as an object, but choose the method of case study. ZHBD company was chosen as the research object because it has the characteristics of small and medium-sized private enterprises, in some respects, it can be said to be typical, but still has its own particularity.

Although as a small and medium-sized private enterprise, there are still different types and levels in the internal staff of ZHBD company. In this paper, the company's grassroots staffs and senior managers are included into the scope of the research object, but due to the length of the paper and research capacity constraints, a deeper distinctive research is not carried out.

The questionnaire survey was used for statistics on the incentive satisfaction of ZHBD company staff in this paper, so it is limited by the inherent defects of the questionnaire, that is, the respondents may be subject to personal emotions, preferences, environment and many other effects when filling the questionnaire. Therefore, the questionnaire obtained information reliability and validity can not be guaranteed.

### **1.5 Research Process**

In this paper, based on the background of the development situation of small and medium enterprises in China, through the research on the relevant theories of Incentive mechanism and human-oriented management both at home and abroad and by using the questionnaire survey on ZHBD company staff to understand the status of incentive mechanism of ZHBD company, the existing problems are analyzed, and the construction strategy of a set of systematic incentive mechanism is proposed. Furthermore, this paper proposes to construct enterprise incentive mechanism mode by drawing on the basic idea of humanism and combining with China's reality, also, it puts forward the corresponding countermeasures and suggestions to solve the problems exist in enterprise incentive mechanism from strengthening the construction of corporate culture, providing education and training, offering a reasonable reward, to send appropriate work and other aspects. The main process of this research is as follows:

The determination of the topic. This topic is presented in accordance with the current status overview of the development of SMEs in China, combined with the difficulties encountered by SMEs in terms of Incentive Mechanism. This paper optimizes the incentive mechanism of small and medium enterprises under the guidance of human-oriented management theory.

Literature research. Summarize, research and experience the relevant theories and research results of incentive mechanism and human-oriented management through the collection of literature.

The research methods of this paper are based on the research topic and purpose of this paper.

Take ZHBD company as the object. The basic internal materials of the company incentive mechanism are collected firstly, then the incentive mechanism satisfaction of its internal staff is investigated by means of a questionnaire survey.

Analyze the problems that exist in the incentive mechanism of ZHBD company based on the results of the survey, and put forward the corresponding countermeasures. After finding the problems through the analysis of the incentive mechanism of ZHBD company, this paper reconstructs the incentive mechanism in line with the company, designs the mode of incentive mechanism, and develops the process of incentive mechanism according to the industry characteristics and development direction of the company, to achieve the purpose of finding and retaining talent for the company by stimulating the enthusiasm of the staff and enhancing their abilities through the implementation of material and spiritual combination, vertical hierarchy, individual differences and other incentive mechanisms.

## **Chapter II**

### **Literature Review**

#### **2.1 Human-oriented Management**

##### **2.1.1 Connotations of Human-oriented Management**

Different from traditional management mode of "see things but not people" or treats people as a tool and means, the so-called Human-oriented management highlights the status of people in the management on the basis of a deep understanding of the role of people in the socio-economic activities to achieve the people-centered management. Specifically, it mainly includes the following meanings:

Relying on a long time in the past, people have been keen to one-sided pursuit of output and profits, but ignored the people who create value and wealth and those who use the product. In the practice of production and operation, people are increasingly aware that that the key factor in determining the development capacity of an enterprise or a society is not that of machinery and equipment, but in the knowledge, wisdom, talent and skill that people have. People is the main body of social and economic activities, is the most important resource of all resources. All economic behaviors, in the final analysis, are carried out by the people; enterprise has no vitality and competitiveness if people lack of vitality. Therefore, enterprises must establish a business philosophy based on people, to a brilliant performance of the organization through the joint efforts of all members.

Although the development of human potential life is limited, but wisdom is infinite, there is usually a lot of hidden talents and abilities inside people. The task of management is to maximize the mobilization of human initiative and to release their hidden energy, allowing people to engage in their careers with great enthusiasm and creativity.



Respect everyone. Both leaders and ordinary staffs are individuals with independent personality who own human dignity and due rights. Whether in the East or the West, people often regard dignity as a spiritual symbol that is more important than life. A person with dignity will have strict demands on himself, and when his work is fully affirmed and respected, he will do his best to fulfill his duty. As an enterprise, it should not only respect every staff, but also respect every consumer and every user. An enterprise can exist due to its being accepted and recognized by consumers, so the enterprises should make every effort to satisfy the consumers and make them feel they are the God truly.

Create high-quality workforce. Every enterprise should regard the talent cultivation and constant improvement of the overall quality of staff as a regular task. Especially in the rapidly changing modern, the technology life cycle is shortening, the speed of knowledge update is accelerating, everyone and every organization must continue to learn to adapt to changes in the environment and re-shape themselves. Improve the quality of staff, that is, to improve the vitality of enterprises.

The era of comprehensive development and reform of mankind will surely be the era that hundreds of millions of people are refreshed, comfortable, and hard-working, which should create a vast space for free and comprehensive development of mankind. Furthermore, the free and comprehensive development of man is a sign of the progress of human society, the highest goal of social and economic development, and the ultimate goal of management.

The organization that gathers human strengths is a living life for itself, everyone in the organization is nothing more than a part of this organic life; therefore, management should not only study the enthusiasm, creativity and quality of each member, but also study the cohesion and centripetal force of the whole organization to form a strong cohesive force. From this essential requirement, a competitive modern enterprise should be a team with concerted effort, tacit understanding and collaborative combat.

### **2.1.2 Features of Human-oriented Management**

Compared with traditional personnel management, human-oriented management is characterized by its emphasis on:

People is the most important resource in the organization. The core of management lies in people, that is, how to mobilize people's initiative and their enthusiasm in participation. It sees people as the starting point and destination of all management activities, and takes the realization of human values as the ultimate goal of management rather than merely as a "tool" for achieving organizational goals. All management activities in the organization are human-centered under the human-oriented management mode. Reflect the people-oriented in the management process of all aspects and embody the humanistic care everywhere, which is the fundamental difference between people-oriented management activities in new era and the traditional personnel management.

The status of managers and being managed is equal. It focuses on the self-management of staffs, rather than lead to mandatory obedience by the use of administrative orders. Traditional personnel management usually overlooks the concern of the staff's feelings, but to focus on putting pressure on people by rules and restricting people by policies, so managers are high above and become the policy enforcers, leading to tension relationship between managers and being managed. Instead, human-oriented management focuses on the self-management of staffs. It encourages mutual consultation and pluralism participation in the mutual respect, harmonious and win-win organization environment and harmonious and democratic atmosphere, to achieve humane management.

The principle of non-material incentives, and focus on the impact of incentives on staff performance. One of the important features of humanistic management is the emphasis on the important role of incentives in management activities. Managers often need to give targeted satisfaction based on the analysis of the special needs of different staffs, and mobilize the enthusiasm of the staff with the appropriate material incentives and various forms of emotional and environmental incentives, to achieve differentiated incentive model and stimulate the staff's morale, and finally to achieve efficient management, and by no means rely solely on material incentives or punitive order to achieve the shackles management of staffs.

Long-term development of staff. It optimizes the education and training system, and focuses on pre-service and in-job training. The ideas of human-oriented management focus on the overall development of staffs which breaks the previous management mode that restrains and suppresses people through management activities. By taking the achievement of the comprehensive and lifelong development of the staff as its own duty, human-oriented management encourages staffs to learn lifelong to adapt themselves to adapting to changing social settings, emphasizes the importance of training for staffs, and arranges reasonable pre-job and post training to develop the potential of staffs and improve their personality, to achieve sustainable development, and meet the needs of long-term development strategy of the enterprise.

A win-win between the organization and the staff, which is the ultimate goal of human-oriented management. Different from traditional management, in the concept of human-oriented management, the organization tends to emphasize the rational integration of the overall goals of the enterprise and the personal development planning of the staff when developing the strategic plan, to allow both can be consistent in the pace and rhythm, which purpose is to achieve of the two-way coordinated development of the organization and staffs, and achieve a win-win situation ultimately.

### **2.1.3 Theoretical Framework of Human-oriented Management**

The management scholars generally believe that any kind of management theory is proposed based on the recognition of the specific human nature hypothesis. The so-called human nature refers to the sum and generalization of various characteristics or attributes of human beings, and also the unity of human social attributes and natural attributes. The social attributes of human beings reflect the fundamental difference between man and animal, which is determined by the sum of human social relations. Human nature is historical, in class society, it is mainly manifested as class nature. The determination of human nature by western management scholars mainly contains the following four processes, which formed four representative hypotheses: Hypothesis of Economic Man, Hypothesis of Social Man, Hypothesis of Self-Actualizing Man and Hypothesis of Complex Man

## Taylor's Hypothesis of Economic Man

At the end of the 19th century and the beginning of the 20th century, Taylor, "the father of scientific management," proposed "simplified labor behavior" as a method to improve the efficiency of workers on the basis of the systematic analysis of the coherence and economy of action when the workers work, and thus gave birth to the scientific management theory. Scientific management theory treats people as the "economic man" in the whole sense and regards the economic means as the main means to mobilize the enthusiasm of the people. It advocates for mandatory management, while ignoring the subjectivity and emotional needs of human, so it has great limitations. However, scientific management theory highly values the importance of human, which carries out the management policy from the human point of view for the first time, means that the management approach began to move towards standardization, human-oriented management mode began to take shape.

## Mayo et al's Hypothesis of Social Man

In the 1930s, Mayo et al had a famous Hawthorne experiment at the Hawthorne factory. The experiment proved that there is no obvious causal relationship between the quality of physical environment and welfare of the work and the productivity of the workers, but the social factors such as the psychological factors and interpersonal relationships of the workers have a great influence on the productivity of the workers. "Hawthorne's experiment" proved that people's behavior is not simply for the pursuit of money and other material factors. Interpersonal relationships, friendship between staffs, mutual communication, the resulting sense of security and sense of belonging and other factors in the organization play a vital role in stimulating people's behavior and improving production efficiency. The Hawthorne experiment also proved the one-sidedness of the Hypothesis of Economic Man in an empirical way, which points out that social needs and spiritual needs are the most important factors in improving staff satisfaction and thus significantly increasing productivity, rather than simply satisfaction on material needs. Effective management should not only try to meet the material needs of staffs, but also invest in the establishment of a good social environment and meet the psychological needs of staffs. In addition to emphasizing the role of formal organizations, Mayo et al attached great importance to informal organizations. They emphasized the role of the informal

organization on meeting the emotional needs of staffs and improving staff productivity, and thus created the Hypothesis of Social Man. Compared to the Hypothesis of Economic Man, the Hypothesis of Social Man is a transcendence in understanding the human nature. Hypothesis of Social Man began to pay attention to the role of people in the management activities, emphasize the satisfaction of the psychological needs of staffs, thus overthrowing Hypothesis of Economic Man proposed by Taylor's et al. Hypothesis of Social Man. Management theory has entered the stage of behavioral science, which has taken a crucial step towards humanization.

#### Maslow, Rogers et al's Hypothesis of Self-Actualizing Man

With the development of American humanistic psychology, American psychologist Maslow, Rogers et al further proposed Hypothesis of Self-Actualizing Man. This hypothesis believes that self-realization is the highest level of human needs, that is, only by allowing everyone has the chance to mobilize personal talents and wisdom, can maximize the mobilization of people's enthusiasm, to achieve efficient work. Maslow's contribution lies in the construction of the theoretical system of humanistic psychology, which promotes the development of "human-centered" management theory, and his theory is also widely applied to the field of education. As one of the most influential educational thinkers of the 20th century, Rogers re-discovered and understood the value and dignity of man, and his non-instructive teaching thought had a profound impact on the development of educational theory.

#### Skes et al's Hypothesis of Complex Man

In the late 1960s and early 1970s, Skes et al proposed the Hypothesis of Complex Man, which argued that human needs and motives were not constant for the long term and that it would change as the subject changed. Human nature is complex and varied, so there is no universal and applicable management method, which means that enterprises should adopt a flexible management approach according to different people and different situations for the purpose of fully mobilizing the enthusiasm of the staff to achieve effective management, which is called the contingency theory. Hypothesis of Economic Man focuses on production management while ignoring the needs of people, Hypothesis of Social Man focus on satisfying social and psychological needs of people, Hypothesis of Self-Actualizing Man focuses on creating a comfortable environment to fully stimulate the enthusiasm of the staff and

eventually achieve self-realization, and Hypothesis of Complex Man takes notice of individual differences, which advocates flexible management, from which can be seen that the human-oriented management moves forward step by step.

#### **2.1.4 The Need Theory and Incentive Theory**

The generation and development of Human-oriented Management theory is based not only on the human nature hypothesis, but also on the study of the Need Theory. The so-called human needs refer to the desire or requirement of mankind for things, not only include the material needs, but also the spiritual desire. The needs of mankind are closely related to the degree of development of society. In ancient society, human production level is very low, even the most basic material needs are difficult to be met, spiritual pursuit has become a "luxury" under the historical conditions. With the continuous improvement of human living standards, material products are greatly enriched nowadays, the pursuit of people has changed from the initial material needs into the emotional and spiritual desire gradually. Harmonious interpersonal relationships, mutual understanding between colleagues, social respect and others need have increasingly aroused general concern. However, even in contemporary society, there is a large difference in the pursuit at the level of demand among people who live in countries with varying degrees of development.

As one of the main founders of humanistic psychology, Maslow presented his need hierarchy theory in the 1950s. Maslow argues that motivation is the intrinsic motivation for human survival and growth, and the need is the most fundamental psychological basis for generating motivation. Motivation is the internal cause and power that directly promote human behavior. He believes that the needs of people are hierarchical differences, composed of five levels of pyramid structure, from low to high, respectively are: Physiological Needs, Safety and Security Needs, Love and Belonging Needs, Esteem Needs and Self-actualization Needs (As shown in Figure 2-1). Maslow believes, of which the first four are basic human needs, these needs are the basic needs of human survival and development, is a prerequisite for human participation in social activities: Physiological Needs is the most basic level of need to maintain human survival. Only when the physiological needs are met, can the higher

level of human needs will be put on the agenda. Safety and Security Needs refers to the need for human beings want to be protected from threats and thus producing a sense of psychological security. Love and Belonging Needs refers to the human desire to be accepted and caring, and their needs for care from society, family and friends. Esteem Needs. With the continuous development of human society, and the increasing exchanges between people, human beings show more and more social characteristics, so that more and more attention is being paid to Esteem Needs by social being. They are eager to get social recognition and respect, from which to produce satisfaction and pride, and the incentive effect is particularly evident. These four basic needs must be given the priority to met, and a person can become a true sense of the mental health of individuals only when his/her self-realization needs are me. Self-actualization Needs. After the basic needs are met, human will move towards a higher level of pursuit - self-realization, that is, the realization of personal ideals and own values are highlighted. Maslow's Hierarchy of Needs Model is shown in Figure 2-1.

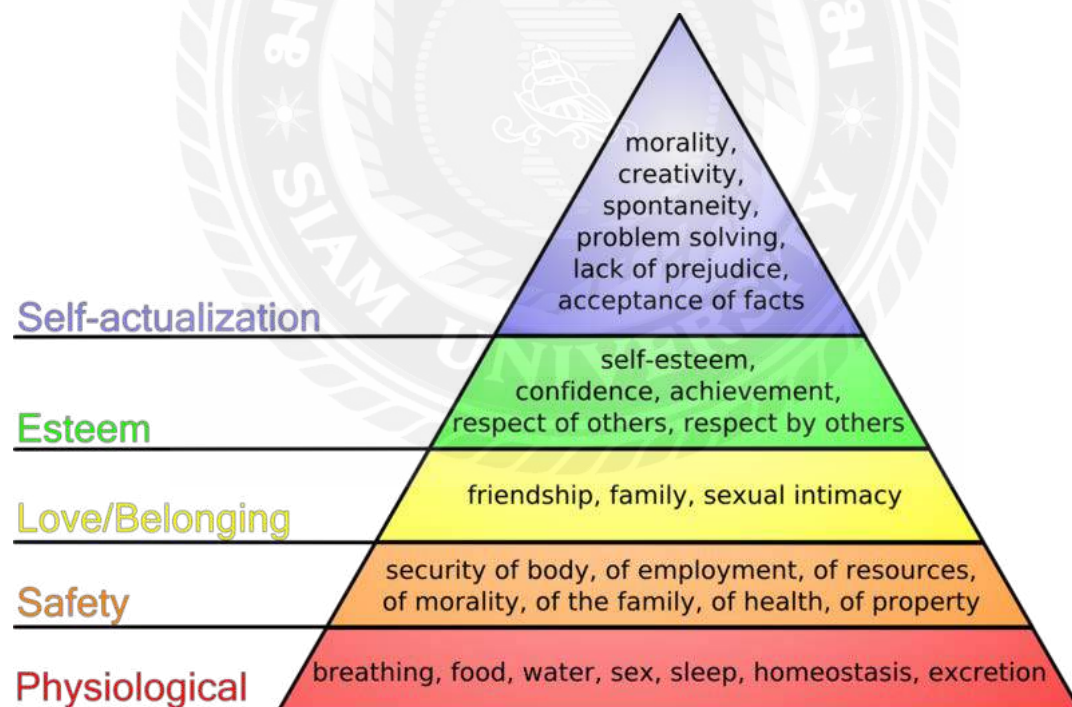


Fig. 2-1 Maslow's Hierarchy of Needs Model

Human needs are hierarchical, and the incentive effect of different demand levels on people will be different in a certain historical conditions and economic backgrounds. Two Factor Theory proposed in the 1950s by the American

psychologist Herzberg whose main points are: First of all, the sense of satisfaction and dissatisfaction of the staff with the work is not a single continuous two extremes, which contains at least two states: no dissatisfaction and no satisfaction. The opposite of "satisfaction" is "no satisfaction", and the opposite of "dissatisfaction" is "no dissatisfaction". Secondly, he stressed that the needs of staffs in the organization can be attributed to two categories, one for the hygiene factors, the other for the incentive factors. The so-called hygiene factors refer to external factors related to the working environment for staffs, including the company policy, wages, working conditions, relationships, status, security and living conditions, etc. The dissatisfaction, sabotage and confrontation of staffs can be eliminated if these factors improve, but their work enthusiasm cannot be inspired. The so-called incentive factor refers to the internal factors generated by the work itself, including rich working fulfillment, work performance can be recognized and appreciated, the work itself is challenging, assume greater responsibility, and vocational development space, etc. The enthusiasm of the staff can be excited to improve labor productivity if such factors improve, thus it is called the incentive factors. Two Factor Theory has attracted the attention of many entrepreneurs and management scholars in the West and has become an important part of the Incentive Theory in modern enterprise human resource management. Today this theory began to be taken seriously by managers in all areas.

## **2.2 Incentive Mechanism**

### **2.2.1 Connotations of Incentive Mechanism**

The so-called mechanism refers to a kind of form, which is embodied in the interaction, association and constraint between systems and components; it is also a way of working, which is reflected in the inherent, essential principle of movement between the various systems and components. Each subsystem is organized as part of the normal operation of the entire enterprise, and these subsystems together constitute the entire enterprise system. In the whole enterprise system, the enterprise Incentive mechanism is the way that the incentive subject interacts with the incentive target (or the incentive object) through the incentive factor, or simply, it is the sum of all the systems used in the enterprise to mobilize the enthusiasm of its members. Enterprise



Incentive Mechanism is a dynamic adjustment mechanism, which changes with internal and external environment. The original Enterprise Incentive Mechanism may be ineffective or ineffective, which requires us to build the Incentive Mechanism based on the macro and micro environment dynamics in the enterprise.

### **2.2.2 Functions of Incentive Mechanism**

After clarifying the relevant theory of Incentive Mechanism, we can further see the specific role of the scientific incentive mechanism:

Attract and retain talents

The most effective way to attract talent is incentives. In many private enterprises, especially those strong and competitive enterprises, they often attract the needed talents through the generous benefits, all kinds of preferential policies and quick promotion channels. In this way, the Incentive mechanism invariably increases the cost of talent turnover, and to a certain extent, can inhibit the flow of talent.

Conducive to the development of human resources to give full scope to the talents

The fundamental role of scientific incentive mechanism is to promote the economic efficiency of enterprises, which is the goal that Enterprise Incentive Mechanism should pursue.

Talent is the key to enterprise survival and development. Business managers should study the needs of different types of talent at all levels, so as to establish a scientific and perfect incentive mechanism that can mobilize the enthusiasm of staffs to give full play to their initiative and creativity to improve labor efficiency, and thus to achieve service improvement and cost reduction, so that enterprises can expand market share, and improve the market competitiveness.

Help to mobilize the enthusiasm of staffs

The soldiers without morale must fail on the battlefield. Staff morale determines the success or failure of the enterprise. Scientific incentive methods and incentive mechanism can help to stimulate the passion hidden in the depths of staffs'

hearts, and the force of such passion is so powerful that makes the staff share happiness and sorrow with the enterprise.

#### Help to enhance the cohesion of the enterprise

There are contradictions between individuals and individuals, individuals and whole in the enterprise. Incentive Mechanism is an important way to combine personal goals with overall goals of the organization. Incentives can meet material and spiritual needs of people, also have the guide function and feedback function in the implementation process. The guide function refers to the enterprise to guide the staff to control and adjust their own behavior before the deviation may occur by stimulating the development or implementation of incentive goals, and pay attention to correct deviations, to meet the requirements of business goals; the feedback function means to allow those who make mistakes in the enterprise to recognize and correct the error, while rewarding and publicizing the good deeds. Only the staff works efficiently by being united as one can the needs of the large-scale modernized and social production be meet. By implementing the incentive mechanism, enterprises can linked the single and scattered staff together, as well as the staff personal interests and business goals, to ultimately produce the best overall efficiency.

#### Conducive to business management

The key to management is incentive, it can be said that incentive is the primary task of management, but also the top priority of human resources management. The core of management is to motivate subordinates, and its essence is to deal with interpersonal relationships. As a spiritual or mental state, incentives can play a role in strengthening the stimulation and promotion. Incentive is seen as an important tool in the guidance and leadership of enterprise managers. To achieve the unity of the staff and the enterprise through the use of technology and combination of human force, the staff can maintain a comfortable mood to achieve enterprise goals. Leadership work is art, and motivation can be said to be an art in the art. Manage without incentive is an inartistic management, similarly, the leadership without incentive can be said to be an inartistic leadership.

### **2.2.3 Principles of Incentive Mechanism**

Stability policy, correct orientation, scientific operation and systematic measures are the characteristics of all successful incentive mechanisms. Incentive mechanism should be developed in accordance with the Incentive Theory and the following principles:

Adhere to the principle of fairness

The fairness of incentive mechanism is directly related to the vital interests and working emotions of the staff. Only to ensure that the incentive mechanism is relatively fair, do staffs not feel that they are treated differently or even consciously discriminated against, and they would take the initiative to work in satisfaction rather than labouring in the bad mood of complaining, so as to create value for the enterprise.

The principle of relative stability

As the management policy of an organization, incentive mechanism must not be changed frequently, otherwise it will make employees feel a strong sense of insecurity, so the relative stability of incentive mechanism is necessary. Due to the needs of people will constantly change and update with time and circumstances, organizations can make the corresponding adjustments to specific incentives by combining these changes, but pay attention to maintaining a relatively stable in the specific implementation process. Otherwise, this will dampen the enthusiasm of workers and play a role in a reversal of incentive.

The principle of advancing with the times

It is necessary to learn to make a concrete analysis of each specific problem when developing the incentive mechanism. Relying on a single mechanism to adapt to all the circumstances is unreasonable, and enterprises must learn the flexibility in the use. It is a scientific practice to develop a reasonable incentive mechanism based on the real needs of staff. At the same time, it should also pay attention to developing a relatively flexible incentive mechanism according to different needs of staff.

The principle of "demand first"

Know your enemy and know yourself. In order to carry out effective incentives, the enterprise must first know that what those people are needing and thinking on earth, and what is the best thing to attract them. Only the right medicine cures the patient immediately.

#### The principle of full participation

Any organization is an organic whole, and the achievement of its overall goal depends on the joint efforts of each member. All management staff, technical staff, operational staff, customer service personnel have played different roles in their different positions. Incentive mechanism should be developed for all staff and to provide services for all, so as to mobilize the enthusiasm of all staff to ensure the smooth implementation of the overall objectives of the organization.

#### The principle of institutionalization of incentive mechanism

System not only clears the specific measures of incentives, but also to protect the realization of the goal. Enterprises should take the opened incentive methods and conditions as well as a clear system as the backing to truly implement the incentive works if they want to increase the confidence of staff in incentive mechanism and protect their enthusiasm and interests.

#### The principle of the integrated use of various incentive mechanisms

A single incentive method and incentive mechanism is flawed. In order to stimulate the initiative and creativity of staff and mobilize their enthusiasm, enterprises should carry out all-round, multi-tool, multi-forms of incentives, and to form a more complete and perfect incentive mechanism system. A complete incentive mechanism system should include mechanisms such as participation incentives, training incentives, trust incentives, emotional incentives, job incentives, honor incentives, material incentives, and target incentives. Using a certain Incentive Mechanism alone cannot give full play to the role of incentives, therefore, enterprises must ensure the comprehensive use of a variety of incentive mechanisms, so as to maximize the enthusiasm of the staff to create the best business efficiency, making the enterprise in the long-term invincible position in the fierce market competition.

## **2.2.4 Construction of Incentive Mechanism Based on Human-oriented Management**

The design of incentive mechanism is a systematic project that the incentive theory, incentive models and incentives and other subsystems that comprise it are having mutual contact and interaction, so that the incentive mechanism of enterprise can either reflect the rigor and system of the incentive theory, or the applicability and flexibility of various incentives, which enables the enterprise staff can get all-round and effective incentives.

According to Porter and Lawler's incentive model: Motivation decides whether a person effort and hard; The actual performance of the work depends on the level of competence, the degree of effort, and the depth of understanding of the required tasks; rewards should be based on performance. Reward first then the performance is not feasible, one must complete an organizational task to get spiritual and material rewards. When staffs see their rewards and grades are poorly related, the reward will not be a stimulus to improve performance; the satisfaction of the employee on the reward depends on whether the motivated person think the reward is fair. If he thinks the reward is in line with the principle of fairness, of course, will be satisfied, satisfaction will lead to further efforts, otherwise he will feel dissatisfied.

By making the basic idea of humanism go through all links of cycle process "effort - performance - reward - satisfaction" in the Porter and labor incentive model, the author designs an employee-centered incentive mechanism model based on the humanistic environment, personal ability, work behavior, psychological expectation and reward distribution evaluation, and adopts the relevant incentive measures to reflect the effective incentive impact on the employees. The model has five basic characteristics: focus on the construction of corporate culture; pay attention to the improvement of individual capacity of employees; attach importance to the incentive role of the work itself; value on the scientific work evaluation; take the fair bonus distribution into account. That is, in a good humanity environment, the employees are able to successfully complete the tasks assigned by the enterprises through the improvement of the ideological and moral and the quality of the business, and they get material and psychological satisfaction through scientific evaluation and fair and reasonable remuneration, thus stimulating the enthusiasm and creativity of their work,

making it a positive cycle of incentive process. See Figure 2-2 Enterprise Incentive Mechanism Model for details.

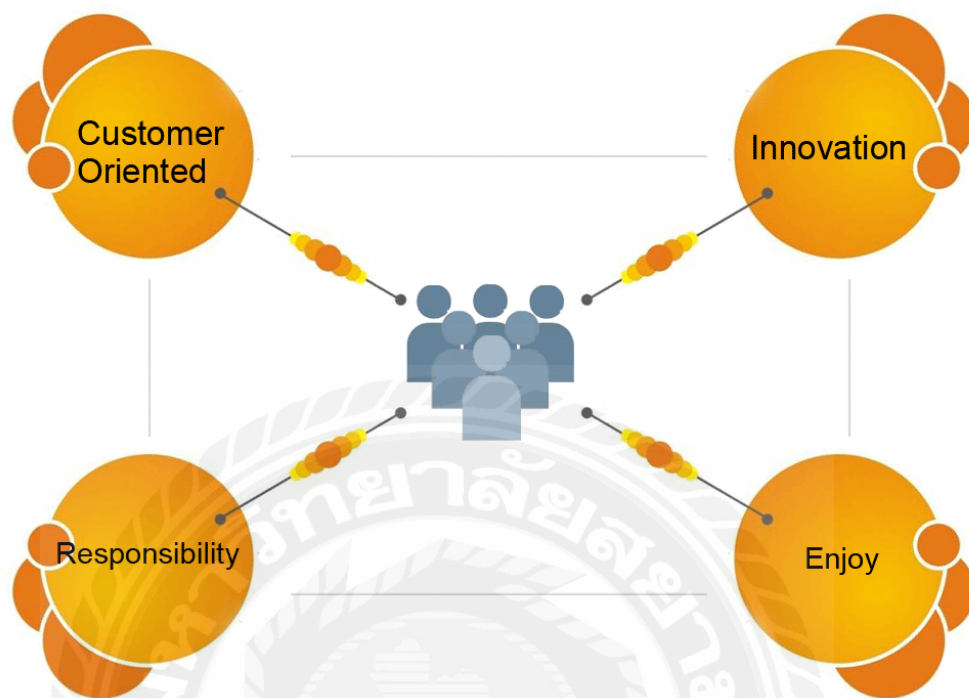


Fig. 2-2 Enterprise Incentive Mechanism Model

## 2.3 A Review of Related Research at Home and Abroad

### 2.3.1 A Review of Foreign Related Research

Since the 1950s, the incentive theory has been on the rise, and it has been studied from the perspective of the psychological needs of the researcher, focused on the study of the specific contents of the incentive and incentive factors, among which the most representative ones are Maslow's "Hierarchy of Needs Theory"; Herzberg's "Two Factor Theory"; in addition, Alderfer's "ERG Theory" argues that there are McClelland's "Achievement Need Theory", Fromm's "Expectancy Theory", Heider's "Attribution Theory", Skinner's "Reinforcement Theory" and Drucker's "Target Motivation Theory" ", as well as Equity Theory proposed by Adams, etc.

With the study on the incentive theory, a growing number of Western management, psychologists have been kept exploring the research on the practical

application of incentives, and the modern incentive theory more significantly reflected in the internal management of enterprises.

Konosuke Matsushita (1996) argues that the organization or method of operation is of course important, but the driving force still lies in if there is no suitable talent, enterprises will neither achieve their achievements, nor can they reach his mission to society no matter how well the organization is and how advanced the approach introduced. Talent configuration management is an important part of enterprise operation. A strong leadership team, a group of high-tech talents and a number of loyal employees are the wealth of enterprises, as well as an important guarantee for long-term development of enterprises. Uwe Jirjahn (2006) studies have shown that whether the enterprise chooses the principal-agent model or the benefit-wage model for motivation is dependent on the likelihood that the agent is found to be lazy; the incentive effect of the combination of the two incentive methods is obviously higher than that of the single incentive method. Paul (2000) analyzes the behavior of marketers from the point of view of reasonable risk operation and risk avoidance operation, and find the commonality among them, which is a reasonable marketing compensation plan must include the fixed income allocation of marketing science mission, and a certain percentage of commission in a reasonable amount of marketing, and such plan is the best incentive method. <sup>1</sup>Churchill&Ford and Walker(2010) believe that under normal circumstances, there are five factors that will lead to changes in marketing pay structure: First, the efforts degree of the marketing team; second, the performance evaluation on marketing staff; third, uncertainty on the market; fourth, the long-term development strategy of team; fifth, the number of people of marketing team. Many enterprises will be affected by these five factors, so differentiation phenomenon will appear in both non-fixed and fixed income of the pay structure.

From this we can find that foreign scholars have done the incentive mechanism research based upon the reality, always seeking the best Incentive Mechanism measures, and focusing on micro aspects.

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### 2.3.2 A Review of Domestic Related Research

The study of the present incentive theory in our country is mainly based on the reference and improvement of the existing incentive theory, to find the Incentive Theory which is suitable for our culture and national conditions.

Chen Shunliang and Pan Changliang(2004) use the model to obtain the result that human elasticity is far greater than the elasticity of material production, thus proving that human capital will become the main driving force for economic and social development and the growth of corporate profits; Tan Jianjian and Shang Xiuling(2006) proposed human-oriented Management is the core of enterprise management, the implementation of human-oriented Management will help enhance the quality of management staff, as well as improve enterprise management performance; Wan Tao(2008) opposed the idea of thinking people as a production tool, instead, he suggested that the management should respect the needs of the people, care for their development and attach importance to human initiative. Enterprises should always reflect the concept of people-oriented management in the management process, change the incentive mode from simple material incentives to all-round incentives, and pay attention to individualized incentive model, to ultimately achieve a win-win situation of individual and organization; Tegus(2012) elaborated two different human-oriented management values and management paths for "motivation" and "non-motivation". "Non-motivation" regards people as a tool to achieve the interests of enterprises, denies the actual value of people, and takes a formatted, single, standardized management model which cannot mobilize the enthusiasm and initiative of people, so "Non-motivation" is contrary to the human content and spiritual essence. Conversely, "motivation" develops a perfect incentive mechanism based on the Incentive Theory, puts the respect, understanding and concern on people in the first place, recognizes the value of staff to avoid brain drain; Zhang Guorui(2013) proposed the three measures of incentive mechanism in the enterprise: First, through the combination of material incentives and spiritual incentives and the combination of compensation and honor to mobilize the work enthusiasm of the staff; second, to improve the system of incentives, and the system should reflect the principle of fairness, justice and competition, to stimulate the potential of staff; third, to build a harmonious Enterprise Culture. Enterprise Culture is an important source of corporate cohesion and creativity, so to build a harmonious Enterprise Culture allows staff to



establish values and goals consistent with the enterprise; Yan Lin(2014) puts the X theory and Y theory on two different terminals of the lever with the incentive on the middle point, and slide the incentive on the lever according to the quality of staff, enterprise management and job characteristics and other conditions, which produces different effects. Only good at using this lever, can the staff management be maintained at a high level. While Z theory is the integration of China's humanistic feelings into the management concept which supplements and improves the X theory and Y theory; Zhang Jie(2015) suggested that single enterprise incentives without paying attention to long-term incentives and the motivates of the self-worth realization of staff is the reason why the private enterprises face the high turnover rate, lack of knowledge and talent and low work enthusiasm.

In recent years, China's domestic achievements that take employees Incentive Mechanism as the research subject mostly appeared in the form of papers, showing a relatively strong interest in the subject, also there are have been some research results with a certain value. For example, Liu Longlong(2010) believes that the timing of the motivation is very important. Excessive incentives may make the staff feel insignificant, while late incentives may make the staff feel superfluous, resulting in indifferent to it and thus weakening the role of incentives, so enterprises should choose the appropriate motivation time. The basic principle is timeliness, which requires that the motivation should be done immediately after the end of things that needs to be motivated to achieve the effect of motivation. Wang Lei(2010) argues that dissatisfaction with salary has become one of the most important factors in the internal factors that lead to employee turnover in terms of the situation of most enterprises in our country. The dissatisfaction of staff on salary is mainly reflected in no external competition in the salary incentives, the internal salary inequality, welfare plan lack of flexibility, the incentive level of salary is lower than the expectations of staff, incentives indiscriminate.

Fang Xiaorong(2010) proposes that enterprises should create a competitive work environment with people-oriented innovation culture, and provide diversified salary system and challenging work for staff to establish and independent staff incentive mechanism. Xu Rui(2011) points out that in the new situation of enterprises should pay attention to the application of material incentives, spiritual incentives, emotional incentives and other incentive methods. Dai Hong(2012) suggested that in

the case of deepening reform and opening up, enterprise salary optimization and the improvement of the performance appraisal system and other incentive systems play a very important role in improving the enthusiasm of the staff.

Sun Xiuling(2013) summarizes the characteristics of the core staff, studies the incentive measures for the core staff of enterprises based on the "two-factor" theory, and sets the pay strategy. Make a pay plan by investigating core staff needs; paid vacation, tourism, overseas training and other incentives should be combined with the demands of staff; take the salary incentive as a long-term factor. The basic wage income belongs to the basic income, and the reward, profits, dividends and other compensation belong to the salary incentives, such as setting the basic wage and dividends. Zhang Bing(2013) presents that attracting and long-term retention strategies for core staff should be reflected in the core staff management process, and increase attraction to staff through pay strategies and emotional strategies. Chen Minling(2014) argues that enterprises who want to retain core staff should develop a salary incentive system that includes "participation, communication and feedback", a fair and effective performance management system, and provide a equal and competitive salary. Zhang Xiaoming(2014) argues that the incentive of core staff should be based on nonphysical incentives. "Performance evaluation, competitive compensation" and "share-holding incentive" two incentives and the remaining 10 non-material incentives should be combined to form the enterprise incentive system. He also put forwards the non-material incentives represented by development incentives, excellent corporate culture incentives, trust incentives, emotional incentives and work incentives.

These theories have studied the incentives from different perspectives and different aspects. In fact, there is no theory that can explain all the complex incentive problems. With the in-depth study of the incentive problems of scholars in recent years, we can find that the incentive theories are not contradictory, and they are more complementary and complementary. Therefore, in order to better play to the guiding role of the incentive theory in practice, they should be studied and applied synthetically. Through the above analysis, there are prerequisites for any kind of incentive mechanism, and different prerequisites will lead enterprises to choose different incentive mechanism. At the same time, any incentive mechanism has a decreasing trend in marginal utility, and its incentive effect is likely to decline if the

incentive mechanism is not adjusted in a timely manner. Therefore, how to choose an incentive mechanism with increasing incentive; it also constitutes an important part of the design and application of enterprise incentives.

### **2.3.3 Comprehensive Review**

Through the above summary, we can see that foreign research in the incentive theory has been systematically formed. Comparatively speaking, the research of the incentive theory in China started later, and the research focused on the construction of incentive mechanism and the problems of incentive mechanism. In terms of the applied research, although the incentive research on workers has made some achievements, it is still in the initial application stage, the lack of a certain depth and breadth, which only made researches on the incentive mechanisms for different industries and different enterprises, and different types of staff incentives, such as the research on the Incentive Mechanism of Managers and Marketing Personnel. The researches of the incentive theory in China mainly discuss the establishment of incentive mechanism, which is the unique perspective of the incentive theory.

In the study of the application of incentives, according to the need theory of incentives, different people have different types of incentive, so the specific incentive method in the future can be studied from the perspective of the type of incentive, and different incentives can be designed for people of different incentive types. At present, more and more employees had a sense of work alienation, how to eliminate the sense of alienation of employees through incentives to improve the overall performance of enterprises becomes a new direction of China's incentive research. In addition, people's acceptance of incentives and methods varies under different scenarios, so it is also a trend of China's incentive research on what kind of incentives should be taken in different scenarios.

Through the literature research and enterprise research, it is found that the research on the enterprise incentive mechanism is more biased towards theory and method, and the practical application effect in the enterprise may not be satisfactory. Through the actual diagnosis of ZHBD company, combined with the development needs of enterprises, this paper will build an incentive system that actually in line with

the status quo of the enterprise. This paper hopes to help enterprises continue to develop healthily and retain talents, as well as provide a little reference the other same typed enterprises in the industry.



## **Chapter III**

### **Research Methods**

#### **3.1 Determination of Research Methods**

##### Literature Research

This paper summarizes the research results of humanistic management and incentive theory, analyzes the current situation of ZHBD company's humanistic management and proposes how to formulate reasonable mechanism mode by collecting relevant research materials about the human-oriented management incentive mechanism for enterprises from the Internet, CNKI literature database and library and other media. It serves as a reference for the writing of this paper.

##### Field Investigation

During the research, interviews and observations with ZHBD company employees and managers were conducted to understand the employee's thoughts and suggestions about the company's incentive mechanism, coupled with the investigation of the company's actual operational management mechanism, this paper found the company's problems in management, and carried out an in-depth analysis to find the reasons. It provides an important idea and reference for designing an incentive mechanism in line with ZHBD company.

##### Experiential Summary Method

Continuous analysis and induction are carried out through a large number of practical activities, and then the development of things with the experiential theory was summed up to systematize it.

##### Questionnaire Survey

As one of the main investigative approaches to obtaining first-hand sources, the questionnaire survey is an important tool for the collection of ZHBD company information and data acquisition. In this paper, the opinions of ZHBD company staff

on the personnel turnover, the construction of incentive mechanism and other suggestions are carried out in the form of a questionnaire, which includes: the needs of the staff and the reasons for the staff turnover; whether the division of responsibilities is clear; whether the task is clear and so on. Conduct an in-depth analysis of employee satisfaction with current incentive mechanism to determine the problems of the existing human-oriented management of ZHBD company.

### Applied Behavior Analysis

The business activities of the enterprise are realized by the labor of staff, therefore, so the human factors play a decisive role in them, which makes the analysis on the behavior of staff even more important. This paper analyzes and interprets the individual behavior and group behavior of different positions in ZHBD company from the aspects of psychology, anthropology, sociology and economics by using behavioral science methods, and further confirmed that the staff's ability and enthusiasm determines their contribution to the enterprise.

## **3.2 Qualitative Description of the Research Object**

ZHBD Company Profile

Current Status of Execution of Incentive Mechanism in ZHBD Company

## **3.3 Investigation Process of Incentive Satisfaction in ZHBD Company**

### **3.3.1 Interview Object Determination and Interview Outline Design**

Founded in 2010, ZHBD company has been established for 5 years as a specialized decoration company engaged in architectural design and construction. It has grown from only a company that can only contract millions of businesses to one to be able to contract tens of millions of businesses, and it is not only undertake projects in Beijing, but gradually develop outward. As a young company, the growing team is also younger in age, and the staff would be increased accordingly when the company grows. A company with a few people is easy to manage, but for the company with hundreds of people, how to manage the staff is now a problem that

needs to be addressed urgently. Management problems cause the lack of vitality, poor management, and decrease in internal operating efficiency, so there is a serious brain drain in the company.

With the increasingly fierce market competition, ZHBD company has begun to recognize the importance of talent for enterprise development. On the basis of inheriting the traditional management ideas of our country, ZHBD company boldly draws on foreign advanced management ideas and practice methods. Now the incentive mechanism of the company has made relatively large progress, specifically in the following areas:

The combination of internal and external incentive mechanism

ZHBD company employees have more comprehensive salary requirements. Currently the company has generally expanded the original concept of salary, the salary is divided into "external salary" and "internal salary" two categories. External salary refers to the value paid to employees that can be quantified in monetary, such as the short-term remuneration the basic salary and the long-term remuneration the stock options, as well as medical insurance, pension insurance and other monetary benefits. Internal remuneration refers to the value provided to the employee that cannot be quantified in the form of money, such as a good working atmosphere, perfect training opportunities, broad personal growth space, and recognition of personal values. Although the incentive goal for both is the same, but the objects of the incentives are different. External salary is more material incentives whose purpose is to meet the physiological needs of people, while the internal salary is a spiritual incentive whose purpose is to meet a higher level of spiritual needs. For ZHBD company, because its employees generally have a high degree of education, their self-awareness is relatively strong, so the incentive for the company's employees, the internal incentive is very important, in addition to the rich external incentive. External incentives, although it is relatively easy to operate with more direct effect, the effect of incentives is short. Only combines with the incentive role of the internal salary to meet the higher level of staff needs, can the effect of long-term incentives be played, to improve identity and loyalty of staff to the enterprise, so that the incentive role of pay more fully play. Therefore, for the incentive of ZHBD company employees, we can not only emphasize the material incentive of external salary, but should give full

play to the incentive effect of internal incentive, both should be combined for integrated use.

#### The combination of basic salary and bonus

Since the work of ZHBD company employees is relatively random, it is difficult to quantify the results of the work, therefore, it is not suitable for fixed wage system adopted by the traditional enterprise, most enterprises use the form of combining fixed wages and incentive wages. Basic salary generally refers to monthly or annual salary which is mostly measured in terms of working time in practice and generally based on the amount of labor input. It is an essential part of employee salary. Although the basic salary is relatively stable, it can give employees a sense of security, allowing employees to work peacefully and stabilize the team, and easy to operate, the incentive effect of the basic salary can only be reflected in a time period before and after the salary adjustment, the incentive effect is neither obvious nor long. Therefore, ZHBD company's salary incentive should give full play to the role of bonuses in addition to the basic salary. ZHBD company will pay bonuses on the basis of project profitability. Bonuses are usually allocated directly after the completion and settlement of a project, and are sometimes distributed in the form of full-year project profits at the end of the year, including settled and unsettled projects. Due to the high knowledge based working content of ZHBD company employees, it is more difficult to quantify their work results, therefore, the company should combine two kinds of salary methods effectively to better play the incentive effect of salary.

#### High incentive salary in conjunction with safeguard mechanism

At present, China ZHBD company has been increasingly inclined to adopt the salary mode that combines high incentive salary and safeguard mechanism. As mentioned above, high pay incentives can fully mobilize the enthusiasm of the staff, and play the potential of employees to a greater extent. At the same time, ZHBD company also begins to increase investment in staff welfare and security. It increases the social welfare spending on employees, provides employees with a comfortable office environment and office conditions, but the proportion of welfare payments in terms of overall remuneration is not yet large. Using the incentive salary method that combines high incentive and safeguard mechanism, on the one hand can motivate



staff work enthusiasm, on the other hand can also let employees no worries, allowing them to work hard to innovate.

The purpose of this research is to analyze and summarize the problems occurred in the management of Incentive Mechanism, based on satisfaction of ZHBD company staff in the incentive system, with the results of interviews and questionnaires.

Interviewees are mainly 38 employees from ZHBD company, including 28 grassroots employees and 10 middle and senior managers. The interview covers the interviewee's views on the current state of the company's management, the description of the work situation of their posts or the department, the views of the individual career and the company's prospects. The content of interviews is shown in Table 3-1 below.

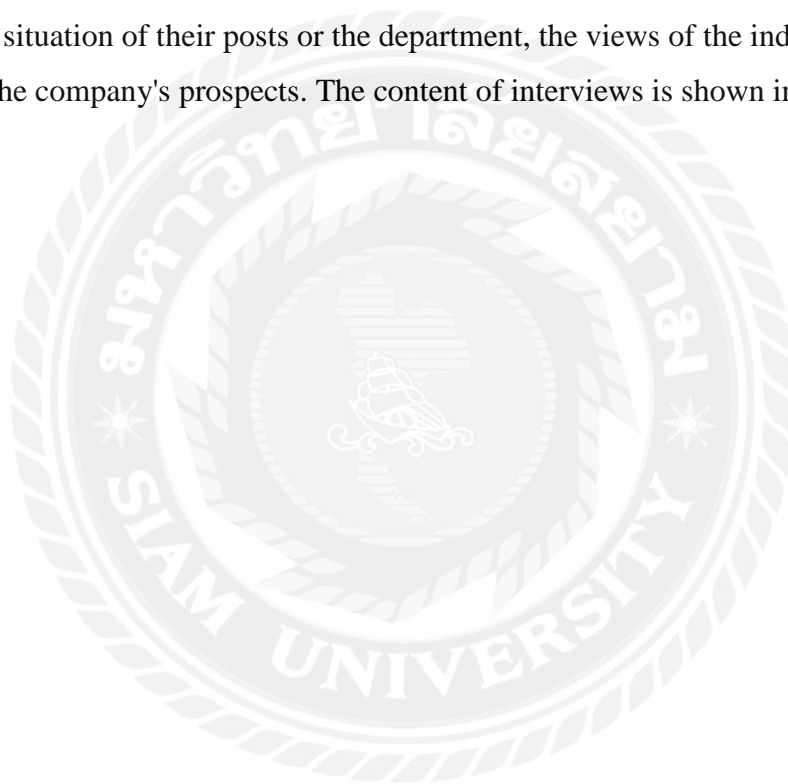


Table 3-1 Interview Content

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Interviewee	Number	Main Interview Outline
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Middle and senior managers	10	Opinions on the status quo of enterprise management
Grassroots employees	28	Opinions on their posts
Non-appointment staff		A description of the work of the department
		A view of personal career development
		Evaluation of the company's prospects
		Suggestions for the company

The interview content in the table can show that, to a large extent, the interviews provide the most valuable material for an in-depth understanding of the views of the different positions of employees on the status quo of enterprise operation and management.

### 3.3.2 The Design, Distribution and Recovery of the Questionnaire

The scope of the questionnaire involves the views of the respondents on the recruitment and allocation, performance appraisal, pay and benefits, and training incentives of the company. Compared with the interview, although the lack of depth, but the questionnaire involved in a wide range, which make it complement mutually with the interview, provide more comprehensive information for the research, and help investigators to deepen the understanding of the enterprise situation and the staff attitude toward the enterprise incentive mechanism.

#### Survey background

Find out problems in the company's human resource management through the investigation of ZHBD company employee satisfaction, especially in terms of the staff incentive mechanism, so as to propose suggestions and measures to improve the incentive mechanism.

## Questionnaire content

The questionnaire includes the basic situation of ZHBD company, the status quo and the needs of staff(See Appendix A for details). Please specify below:

Part I: Sample data survey. The content includes gender, age and education and other basic situations of ZHBD company employees who participated in the survey.

Part II: A survey of needs satisfaction for knowledge-based staff at ZHBD company. By summarizing the domestic and foreign incentive literature, 11 factors related to the needs of the staff are summarized (see Table 3-2). This paper investigates the satisfaction of ZHBD company employee needs factors based on these 11 factors.

Table 3-2 Need Factors in the Incentive Theories at Home and Abroad

The Proposers of the Incentive Theories	Need Factors in the Needs Theory
Maslow	Salary, Security and stability of work , Interpersonal relationships, Work achievement, Personal growth and development, Working environment, Fairness, Enterprise
Alderfer, Herzberg	development prospects, Enterprise management and culture, Salary, Interpersonal relationships, Personal growth and development
McClelland	Salary, Working conditions, Interpersonal relationships, Work achievement, Working environment, promotion, Personal
Locke and Hughes	
Horibe	
Tampoe	

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Adams	growth and development
Lu Yuanquan	Work achievement, Participate in management and decision making, Interpersonal relationships, Enterprise culture, Promotion, Work achievement
Zhang Lisa	
Xiao Guangqiang	Enterprise management and culture, Participate in management and decision making, Personal growth and development, Salary, Work achievement, Fairness, Salary
Zhou Chunlei	Personal growth and development, Work achievement, Working environment, Working environment

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#### Score standards of the questionnaire

The evaluation of staff on satisfaction for different needs is a subjective feeling, which is not specific and can not be marked by specific values. In order to make such subjective feeling has a standard that can be measured, it requires the quantification of the satisfaction of the staff needs. In this paper, the evaluation questionnaire of the importance of need factors adopts 5-point Likert scale, that is, 5 stands for "very satisfied", 4 stands for "satisfied", 3 stands for "just so so", 2 stands for "dissatisfied", 1 stands for "very dissatisfied".

#### The issuance and recovery of questionnaire

Take ZHBD company's 261 staff, as a sample of this survey, distributed in the personnel, finance, administrative offices and other nine departments. Through the cooperation of the Ministry of Human Resources, the questionnaires were distributed to various positions, and recycled by specialized department personnel. A total of 270 questionnaires were distributed and 246 questionnaires were collected, including 231 valid questionnaires, with the total effective rate of 86%.

## Chapter IV

### Research Results and Analysis

#### 4.1 Analysis of the Questionnaire and Sampling Interview

##### 4.1.1 The Basic Situation of the Staff in the Questionnaire

Table 3.2 Basic situation of ZHBD company staff

Survey content	Option content	Frequency (person)	Frequency
Gender	Male	138	60%
	Female	93	40%
Age	Under the age of 25	17	7%
	25-35	147	64%
	35-45	36	16%
	45 years old or older	31	13%
Education	Short-cycle Courses and Under	0	0
	Bachelor degree or above	231	100%
Years of Working	1 Years below	17	7%
	1-3years	27	12%
	3-5years	38	16%
	5-10years	113	49%
	Over 10 years	36	16%

Annual salary	Five thousand or less	125	54%
	Five-Ten thousand or less	65	28%
	Hundred thousand or more	41	18%

As can be seen from the sample basic situation, ZHBD company employees have the following characteristics:

A high proportion of male employees, accounting for 60% of the total surveyed employees.

Employees under the age of 35 accounted for 71%, employees tend to younger.

Years of working of 5-10 years are in the majority.

Employees with annual salary of less than 50,000 accounted for more than half.

Subjects of the investigation are undergraduate and above.

#### **4.1.2 Statistical Results of Staff Incentive Needs**

Table 3.3 Statistical Results of Staff Incentive Needs

Need Factor	Total score	Minimum value	Maximum value	Average value
Salary	1074	3	5	4.65
Personal growth and development	1056	3	5	4.57
Promotion	996	3	5	4.31
Fairness	966	2	5	4.18
Enterprise development prospects	912	2	5	3.95
Work achievement	989	2	5	4.28
Interpersonal relationships	894	1	5	3.87
Enterprise management and culture	973	2	5	4.21
Participate in management and decision making	901	1	5	3.96
Security and stability of work	841	1	5	3.64
Working environment	878	2	5	3.8

It can be seen from the table, the need factors get the score in the 4 points above are: Salary(4.65), Personal growth and development(4.57), Promotion(4.31), Work achievement(4.28), Enterprise management and culture(4.21), Fairness(4.18). Because these six needs get higher scores, they belong to the competitive need. Satisfying the competitive needs is the main incentive factor for employees. Combined with the characteristics of staff and statistical results, the following gives a detailed description of competitive needs of employees.

Salary (4.65) ranked first in employee needs. In the questionnaire, 54% staff salary in the level of 50,000 Yuan or less, that is more than half of the staff salary level is still very low. In the literature, it is mentioned that only the low-level needs of the basic survival needs of employees are met, will they pursue work achievement and personal growth and other high-level needs. Thus, when lower-level needs cannot meet the basic material needs of employees, they will list the salary the most important needs factor, hoping to improve their living conditions by raising the salary. Meanwhile, the salary can also reflect the social status of employees from the side when it reaches a level.

Personal growth and development (4.57) ranked second in need factors. In the questionnaire, 84% employees hope that enterprises can provide learning and training. Employees have the knowledge and they can flexibly use knowledge to create value. However, current knowledge updates very quickly, and employees have fewer opportunities for systematic learning after leaving the campus, so the training provided by enterprises is an important way for employees to constantly update their knowledge. If a person did not regularly participate in various learning training, knowledge becomes obsolete, so employees need to constantly update existing knowledge, to grow their own values. Self-learning and enterprise training are two main ways for knowledge update. Time and money costs of self-learning are much higher than attending corporate training, so many employees hope that enterprises can increase the cost in training, organize staff to improve professional quality.

Promotion ranked third. There is a huge difference in the salaries between ordinary staff and senior staff in ZHBD company, and staff who have the knowledge and skills and higher quality are eager to have a higher income and social status through promotion. However, the high-level jobs are limited, coupled with the



relationship between ZHBD company. However, the high-level jobs are limited, coupled with the serious “back door” situation in ZHBD company, making the competition more unfair, the staff promotion is even more difficult, moreover, the staff who have a strong professional skills and comprehensive quality is not easy to obey the management of incompetent, it is easy to lead to staff tension. The small space in promotion leads to the reduction of employee satisfaction, and leads to the lack of cohesion due to the lack of identity of the organization, and ultimately reduces the efficiency of enterprises.

The forth is work achievement, which is caused by the characteristics of the employees themselves. Employees pay more attention to the realization of self-worth and social recognition, they want to get a sense of work accomplishment through the realization of self-value and social recognition. The greater the sense of accomplishment of work, the greater the motivation for their work, the greater the sense of work accomplishment, the greater the motivation for their work, thus the greater the value that can be created for the enterprise, and therefore the work achievement is an important factor in the staff needs.

Fairness ranked fifth. Fairness includes the fairness of salary, promotion opportunities, and assessment, etc. The unfairness of ZHBD company in the salary is reflected in the irrationality of salary system, the fairness of promotion is influenced by the nature of the company, which makes the management's rights centralized. The consequences of unreasonable exercise of power may lead to unfair promotion, while the unfairness of is assessment is usually caused by the problems in the assessment method of human resources department. Unfairness comes from many factors, and unfairness will have a great impact on the psychological level of the staff, so fair need is essential.

#### **4.1.3 Analysis of the Degree of Consistency of Staff Needs**

Table 3.4 Statistics on the Degree of Awareness of Employee Needs Consistency

Need Factor	Total score	Average value	Standard deviation	Relative standard deviation
Salary	1074	4.65	0.53	0.114
Personal growth and development	1056	4.57	0.585	0.128
Promotion	996	4.31	0.565	0.131
Fairness	966	4.18	0.564	0.135
Enterprise development prospects	912	3.95	0.77	0.195
Work achievement	989	4.28	0.685	0.16
Interpersonal relationships	894	3.87	0.948	0.245
Enterprise management and culture	973	4.21	0.812	0.193
Participate in management and decision making	901	3.96	0.859	0.217
Security and stability of work	841	3.64	0.932	0.256
Working environment	878	3.8	0.885	0.233

The standard deviation is an indicator that measures the degree of discrepancy between the sample value and the mean. The relative standard deviation (standard deviation / mean) reflects the degree of consistency of the staff on the need factor. The smaller the relative standard deviation, the higher the degree of

consistency; the greater the relative standard deviation, and the lower the degree of consistency.

As can be seen from the table, the relative standard deviation of consistency of the staff on the need factor ranked from great to small as follows: Salary (0.114), Personal growth and development(0.128), Promotion(0.131), Fairness(0.135), Work achievement(0.160), Enterprise management and culture(0.193), Enterprise development prospects(0.195). This shows that employees have a high degree of consistency of these seven needs, which is considered to be important factors in their work motivation. Therefore, it would be well-targeted that researching on the questions of incentive mechanisms based on these high-consistency needs.

#### **4.2 Investigation Results on the Current Situation and Consequence of Staff Turnover in ZHBD Company**

As can be seen from the survey, the most staff is not satisfied with the incentive status of ZHBD company. There has been the situation of staff loss when such dissatisfaction is reflected in the human resources management. In general, the number of employees in ZHBD company has increased rapidly in recent years as a result of being in the development and expansion stage. However, from the perspective of turnover rate, the overall turnover rate stayed in 15% -20% or less from 2010 to 2015, but the total turnover rate has undergone significant changes from 2012 to 2015, which increased from 13.08% in 2012 to 17.85% in 2013, and continued to rise to 19.83% by 2015. It can be seen that the company's overall turnover rate is on the rise in recent years, the problem of employee turnover is serious. The problem of employee turnover has led to increased staff costs such as recruitment, training and other human resources, as well as resistance to business development. As the decoration industry is featured by the strong speciality and technicality, when a significant number of people leave the company, there will be a faultage happened in the company's businesses, and the project coherence and follow-up services will be connected to chaos. The turnover of a large number of people will cause the company's human, technical, management and other information directly knew by the

required service companies, which may cause a great threat for the company in the industry market competition. In general, the consequences of the loss of ZHBD company staff include the following:

#### **4.2.1 Greatly Increase the Operating Costs of the Company**

First, the cost of hiring new employees. After the employee left, ZHBD company had to re-recruit new employees to take over their posts. ZHBD company mainly take the online recruitment and social recruitment, but no matter what kind of approach adopted, the company must pay a certain amount of time, economic and human costs. Take the example of the engineering department that similar to the overall situation of ZHBD company. In the staff recruitment process of this department, ZHBD company will firstly draw up the department's recruitment plan, then carry out the large-scale recruitment in society and network after the approval by the Department of Administration, and finally, through the resume receiving-screening - first test - retest - confirm admission list - sign the agreement - physical examination and other aspects to complete the personnel recruitment. Although ZHBD company has simplified the recruitment process, it still needs some costs.

Second, the cost of training new employees. After the new staff induction, there is a trial period of 1 to 3 months. During this period, ZHBD company will give them a new job training to enable them to master the skills and expertise required for their work as soon as they can. The main training form adopted by the company is to carry out training seminars. During this period, the relevant departments of the ZHBD company will develop training programs for new staff, prepare training resources, explain the training content, and assess the effectiveness and ability of their training. These need to spend a lot of time and labor costs.

#### **4.2.2 Speed up the Loss of the Core Resources of the Company**

The loss of enterprise resources of ZHBD company is mainly reflected in the two departments-Engineering Department and Operating Department where the staff

lost the most. First, the loss of technical resources. After the staff of the engineering department left, most of them entered the competitor in the same industry. As the carrier of technical resources, the departure of these staff will inevitably lead to the loss of technical resources of ZHBD company, and the direction after their departure will further weaken the company's technical strength. Under normal circumstances, the new salaries of these staff are much higher than the original due to skilled in technology, which will inevitably lead to the staff in the same department have thought of departure, thus accelerating the departure of staff in this department, resulting in more loss of technical resources. Second, the loss of customer resources. For the Operation Department of ZHBD company with the largest number of staff leaving, staff turnover will lead to the loss of company customer resources. The staff of the Operation Department of ZHBD company are basically looking for customers by themselves. Long working hours of the staff are more familiar with the management process, and accumulated a large number of customer resources in the past work process, staff with long years of service are more familiar with the management process, and accumulated a large number of customer resources. Once these employees leave, it is likely to take away these customer resources, so that ZHBD company may suffer losses.

#### **4.2.3 Reduce the Operating Efficiency of the Company**

On the one hand, the former staff have a better fate after leaving will lead ZHBD company's staff begin to doubt the management ability of leadership and have a lot of complaints about the company, such as low treatment and poor benefits, which lead to their loss of work passion, resulting in they work on the negative emotion, greatly reducing the efficiency.

On the other hand, after the new staff entry, it takes some time for them to be familiar with and adapt to the company's culture, work processes, and the job content. During this time, ZHBD company will arrange skilled old staff to guide and help new staff to familiar with the new work. Before new employees can complete their work independently, older employees need to make time to help them, so that the efficiency of older staff will be lower than normal, and the company cannot expect new staff

have higher efficiency and performance. As a result, operating efficiency of the company will be affected.

#### **4.2.4 Damage the Overall Image of the Company**

In the increasingly competitive market today, a good enterprise image has important strategic significance for the development of enterprises. Good enterprise image is not only conducive to open up the market, win customers and improve economic profits, but also to attract more talented people. Enterprise image may be greatly damaged if there is a serious loss of employees or improper handling of employee turnover. In the survey of the 2010-2015 employee turnover of ZHBD company, It can be found that the company's departed staff reached more than 100 in just a few years, which will undoubtedly bring serious negative impact to ZHBD company. In the face of the high turnover of ZHBD company, outsiders may suspect that the company is operating poorly or there are other more serious problems. For those who are looking for a job, they may feel that the ZHBD company's salary may be too low or the employee's welfare is poor, thus giving up the idea of working here. If things go on like this, it is difficult for the company to attract more talented people. In addition, customers of ZHBD company may also be suspected of the ability of the company, and even suspected of product quality, and even worse to interrupt the cooperation with the company.

## **Chapter V**

### **Conclusion and Discussion**

#### **5.1 Research Conclusion**

The staff turnover of ZHBD company in recent years has been closely linked to the problems exist in the company's staff incentive mechanism. Based on the interviews and questionnaires of ZHBD company's incentive satisfaction survey, this paper analyzes the specific problems of the staff incentive mechanism in ZHBD company.

##### **5.1.1 Lack of an Overall Advanced Incentive Concept**

The managers of ZHBD company lack the knowledge of the incentive theory. They have certain understand of the incentive theory, but lack of recognition of the systemic and complexity of the incentive measures. The sporadic incentive measures proposed by business managers are often unable to meet the development needs of the enterprise. They often introduced a single incentive measure which is difficult to meet the development of enterprise or organization due to its one sidedness. It is likely to cause a group of employees is encouraged while another group is depressed, so the original incentive is difficult to be played, making the business leaders be thrown into a passive situation, thus the overall operation of the enterprise would be adversely affected. Motivation is a systematic work as well as the indispensable and important content in modern enterprise management. Currently staffs who manage incentive system in the company neither did they follow up on the changes in staff nor in-depth understanding of the emerging problems and the situation. Due to the lack of continuous improvement of the incentive measures, a series of related problems caused by the incentive problem occurred in the company.

##### **5.1.2 Lack of a Sound Scientific Incentive System**

Unscientific salary payout design

ZHBD company is now still using traditional salary system, that is the staff salary is consisted by the wages, benefits and bonuses. The three parts are pre-configured by the enterprises that are unchangeable. Only the decision-making level of the enterprise and the human resources department has the right to participate in the design of the salary mechanism, and the staffs have no right to participate. Staff can know their salaries when the design completed, and the enterprise did not prior knowledge of the needs of staff. This kind of salary system is currently adopted by most enterprises, its rich structure without flexibility cannot inspire the staff of the company to allow they to work more initiative and enthusiasm. In today's knowledge-based economy, such salary system lacks of flexibility must be replaced by the personalized salary system.

#### Unreasonable promotion system

In the investigation of staff needs, this paper focuses on finishing the staff survey, and the selected options, from more to less are: promotion opportunity, salary, working environment, team atmosphere and others. It can be seen that the enthusiasm of the staff work depends mainly on the promotion opportunity, which means that staff are eager to succeed as well as be appreciated by others and leaders. Therefore, a reasonable promotion mechanism is one of the most effective ways for companies to prevent the loss of staff and improve staff motivation. The reason why staff are generally dissatisfied with the promotion mechanism of the enterprise mainly lies in they do not think that the company has provided good career development expectations.

#### Lack of staff growth opportunities

ZHBD company staffs pay attention to personal growth and self-development while gaining material returns, but the survey indicates that the company is not enough attention to the growth and development of staff, which mainly reflected in the following areas:

#### Lack of staff career development plan

At present, the needs of employees with sufficient knowledge are not limited to in exchange for the remuneration with the company by their labor to maintain the basic material life, but more of a plan for future career development. However, ZHBD



company does not attach importance to this growth needs and career development needs of the staff, so the staff cannot get their desired career development space. As the company does not value providing employees with learning opportunities, and gradually lost its attraction of the staff, resulting in brain drain, and thus limit the long-term development of the company. The company stands only at the point of view of its own development, ignoring the career needs of the staff, has neither the development plan nor regarded the development of the staff as part of the company's development system, let alone planning their development prospects for the staff, which creates a contradiction between the development needs of staff and the human resources needs of the company, leading t a very low level of satisfaction in terms of personal development.

Staff lack the opportunity to participate in decision making

ZHBD company does not attach importance to allowing employees to participate in corporate decisions, resulting in employees do not understanding the company's decision-making process, tend to look at decisions made by the company with resentment, and work without enthusiasm. The results of the questionnaire show that the employee's satisfaction with participation in decision-making is very low, and the main reason is that the company does not attach importance to make the staff participate in the company's decision-making. The first person in charge has absolute decision-making power on the monthly or annual work plan of the company department, while the staff can only passively accept the whole with the lack of correct understanding of the company's decision-making.

Lack of diversified forms of training

The company does not focus on staff training, and the training form is single. The decision makers of the company do not realize the long-term economic benefits brought by the training, resulting in inadequate investment in training funds. Therefore, the company's current training form is single without diversification. Internal training is the basic training form of the company, it rarely has foreign exchange visits, seminars, on-site case training, Internet learning and other forms of training.

There is not a sound performance appraisal system in the company

Adams mentioned in Equity Theory: When employees get paid, they will put their salaries compared in the horizontal and vertical. Horizontal comparison refers to the comparison of the ratio of labor input and reward and that of other equivalent employees; vertical comparison refers to the comparison of the current ratio of labor input and reward and that of the past. The average distribution will make employees have a sense of unfair when comparing, which dampen the enthusiasm of the staff work. Although the ZHBD company does not make even distribute on the surface, however, the company lacks a scientific and rational performance appraisal mechanism, as well as an objective measure of employee performance. Employees do not get appropriate and timely overtime pay when working overtime or in holidays, which is not in line with the principles of effectiveness and timeliness of incentive mechanism, eventually led to the decrease in the enthusiasm of staff work and low working motivation. The company has not yet formed a perfect performance appraisal method, and is still taking the assessment of staff in the form of the assessment scale, which is subjective and arbitrary and cannot be completely objective and impartial.

### **5.1.3 Ignore the Psychological Needs of Staff for Future Development**

Ignore the construction of staff learning mechanism

With the rapid development of science and technology, employees gradually realized that the growth of knowledge has a positive relationship with wealth. There are daily changes in knowledge, one can survive in society and achieve the expected level of income only by keeping uninterrupted learning and updating the knowledge immediately with the times. Therefore, employees not only pay more attention to their own growth needs, but also more emphasis on the impact of the enterprise on the development of their own. Only focus on the training of staff, increase the investment in the staff training, improve staff development mechanism, and provide staff with the opportunity to learn and enhance their ability to fully understand their professional development, and enable them the life-long ability to engage in professional areas, may an enterprise continue to attract and retain new talents, so as to create the win-win situation and common progress of enterprises and employees.

This is a knowledge-based economy era, the creativity of staff is the driving force behind the continuous development of enterprise. The renewal of knowledge and the development of skills is the source of staff creativity, so a good staff training

mechanism plays a crucial role in the long-term development of enterprises. However, ZHBD company's staff training is neither scientific nor systematic, with vague training objectives and incomplete training programs, what's more, the training contents are not only in line with the company's future development, but also do not adapt to the company's development guidance.

In addition to ordinary training, there are no specific provisions on how to carry out targeted training on staff. Sometimes the training program was left in writing rather than being implemented. Of course, this is also a major reason for the low satisfaction of the training needs of the staff.

The results of the assessment were not applied to the staff growth mechanism

From the results of the application survey on the ZHBD company's assessment results, it can be learned that ZHBD company's assessment results are only used in the payment of wages and bonuses, but almost not be used on staff training, staff growth plan and so on. Even if the staff have a certain expertise in the technical or work ability, and can be reflected directly through the assessment, it cannot cause the attention and promotion of managers; and if employees have work defects in a certain area, there is no relevant mechanism to carry out pointedly to improve through training and other methods. This is undoubtedly very unfavorable for employee growth.

#### **5.1.4 Ignore the Role of Non-material Incentives**

During the interview with the relevant staff of ZHBD company, it is observed that ZHBD company staff, especially senior executives, often talk about pay and benefits in the incentive mechanism, but few people mention non-material incentives effect. Indeed, in the development process of reform and opening up and socialist market economy, due to changes in the overall values of society, material incentives play a significant role in mobilizing the subjective initiative of employees, but focusing only on material incentives is actually a definite decision at the time. However, with the continuous satisfaction of staff needs, also the improvement of quality and living standards, employees gradually produce needs at a deeper level, such as needs of personal career planning, knowledge needs and self-realization. The

role of material incentives are no longer significant in practice, and money and other external factors are retreated to the relative secondary position. At this time, incentives of the company should be inclined to spiritual incentives, with organic combination of material incentives and spiritual incentives and diversified forms, and ZHBD company is precisely stand in such a turning point.

### **5.1.5 Rigid and Backward Incentive System is Out of the Times**

Ignore the collection and finishing work on the staff needs

As a young company, ZHBD company has a more advanced concept and mode of operation in the enterprise technology innovation and management methods, but failed to form a mature management model in talent management. The management's will is the main decision-making basis for the company's operations, and the company has never conducted a grass-roots survey on the staff incentive mechanism. However, due to social development, as well as the influence of the age, knowledge structure, the level of education, the personality of the staff are becoming more distinctive and their self-awareness becomes more mature. There is a contradiction between this management model and the staff essentially when motivating such issues related to the interests of staff. On the one hand, it would greatly reduce the implementation effect of the incentive, on the other hand it is also easy to cause staff dissatisfaction. Moreover, if the incentive separates from the staff needs, itself will become a kind of air pavilion-style presence.

Ignore the staff opinion in the establishment of incentive system

The current incentive mechanism of ZHBD company is jointly agreed by HR managers and senior managers at ZHBD company, which has not listened to and adopted staff opinions during the development process. It can be learned from the interviews of some managers of ZHBD company, some managers tend to focus on the high wages and high welfare when talking about incentive mechanism, and feel that high wages and high welfare can retain the staff, and even proudly taking the low turnover rate as a manifestation of the effectiveness of the work. In fact, the "left" staff is only completed half of the work, how can the company really motivate the energy of the staff to create value for the enterprise is the success of management.

Many managers remain at the level of "respect and understanding" in terms of the spiritual needs of the staff, while ignore their desires for the pursuit of career and personal development, sense of responsibility for the organization and the ideals and beliefs. When the desire and the passion of innovation gradually fade, staffs who at this stage will be more troubled than the staff left.

## **5.2 Countermeasures**

### **5.2.1 Establish the Advanced Enterprise Incentive Concepts and Ideas**

Determine the basic principles

Principle of meeting the needs of the staff

This chapter aims to meet the needs of the staff as the first principle in the design of the staff incentive mechanism of ZHBD company. The direct purpose of the design of the incentive mechanism is to mobilize the enthusiasm of the staff, and its ultimate goal is to achieve organizational goals, so as to seek the unity of the organization interests and personal interests. The distribution system and the code of conduct are the core of the design. The efficiency criterion is to ensure the efficiency of the operation of incentive mechanism, and the best effect of implementation is to achieve the employee's personal and organizational goals at the same time at lower cost.

Principle of applying incentives and supervision

In the design of incentive mechanism of ZHBD company, it should be differentiated according to the different positions of staff, and balance the relationship between incentives and supervision. For the management staff, because of the difficulties of supervision, incentive is more important; grassroots personnel are easy to monitor, relatively speaking, supervision is more important.

The principle of balance of incentive intensity: Different incentive intensity should be applied to different staff, while allowing employees to achieve a balance between different efforts in different tasks and work.

The matching principle of the incentive goal and the methods: Achieving different goals requires different methods, and goals and method must be matched. The conflict of goals should be resolved by different methods, and the goal of the staff

should be specific and appropriate. As a decoration company, ZHBD company's corporate identity, strategic development goals and incentive mechanism status should be fully considered, and the appropriate and effective incentive method should be adopted.

Adhere to the "people-oriented" principle: Since human resources is the most important resources of enterprises, in the process of motivating talents, enterprises should put the "people-oriented" concept into specific works. Only to effectively reflect the respect for staff, can the enterprise win the loyalty of staff.

Focus on the principle of employee restraint mechanism: Incentive and restraint is a pair of organisms which are both opposite and unitary. Incentive and restraint is a double-edged sword, and their subject-object relationship will eventually go from opposite to unity. This chapter introduces the corresponding constraint mechanism when designing the staff incentive mechanism of ZHBD company, and enables the incentive and restraint mechanisms to be as balanced as possible to ensure that the incentive mechanism plays an effective role in the operation and management of ZHBD company.

Timely update the manager's incentive-related knowledge and skills

In the era of knowledge economy based on the huge amount of information, with the increasingly fierce market competition, in order to adapt to the ever-changing market environment, managers must keep pace with the times, constantly improve their own requirements, continue to learn and update the knowledge reserves, so as to better understand the staff and know how to motivate employees, so achieve organizational goals effectively.

Based on this, it is necessary to regularly organize the departments and managers who implement incentive in the enterprise to study the relevant knowledge repeatedly to implement the staff incentive scheme of ZHBD company. In addition, the behavior of managers should be subject to a certain degree of restraint, such as establishing relatives avoid system, to ensure that the implementation of incentive measures can be fair and just. Moreover, the organization's managers should make an example for the staff, lead by example is sometimes the best incentive. In contrast, when faced with a manager who is the first to violate and destroy the rules, the role of

incentive will become very limited even in a perfect incentive program. Therefore, managers should continue to learn, advance with the times, lead by example and be strict with oneself, to lay a good foundation for the implementation of incentive measures.

### **5.2.2 Establish a Sound Scientific Incentive System**

Develop a perfect salary system

As can be seen from the description of the above ZHBD company salary system that ZHBD company's salary structure is relatively simple, on the whole, it is composed of wages, benefits and bonuses. The salaries system is fixed with an inflexibility structure, and the staff opinions are not considered when developing the salary system.

Therefore, in order to develop a sound salary system, the company should first take a questionnaire survey or staff representatives talk to allow the staff involved in the design and assessment of salary system. It will not only make the salary system more realistic, and the salary payment more fair, reasonable and transparent, but also conducive to the implementation of the new salary system.

Second, to design flexible, competitive, objective, fair and reasonable salary system by the use of KPI, that is, key performance indicators for the core staff of the enterprise in different positions. For example, for the core staff in the technical department of the company, the project salary system that determining the salary according to the post and paying the wages based on the performance can be implemented, to link income with the project results and technological innovations; for the core staff of the operation department, commission reward system that links with the number of projects and currency withdrawal can be implemented.

Third, the company should adjust the ratio of basic salary and performance pay. According to different positions, the enterprise should reduce the proportion of basic salaries and increase the proportion of performance pay, so that the performance pay can play its incentive role to improve the working enthusiasm of the core staff.

Finally, to establishment of a sound welfare system. A perfect welfare system can attract and retain the core staff, it is an important indicator to determine whether the company human resources system is sound. First, the company must pay the staff pension insurance, unemployment insurance, medical insurance and other national welfare projects according to government standards. Second, the company should design its own welfare program, such as health checks, paid holidays, home support program, shuttle so on.

#### Improve the performance appraisal system

The company should improve the performance appraisal system, and must clear the ultimate goal of performance appraisal is to improve the performance of employees, to achieve the company's goals, and improve employee satisfaction and future sense of accomplishment.

First of all, the company should develop a more scientific and reasonable assessment content and assessment criteria according to different positions. As a decoration company, staff positions span is very large, which requires that it must develop assessment criteria according to different positions, respectively.

Second, increase the performance appraisal methods. Such as the implementation of 360 degree assessment method, which includes the supervisor assessment and subordinate assessment, as well as the assessment among colleagues, self-assessment and so on. In this way, it not only can conduct a comprehensive assessment to make the results more scientific and more reasonable, but also to meet the staff self-realization and other characteristics. Key performance indicators can also be used to assess the R & D staff.

Third, increase the number of performance appraisal. The company can carry out staff assessment by month, quarter and year. Each assessment can increase the assessment content based on the length of time to promptly improve the performance appraisal.

Fourth, the company must make the entire process of performance appraisal open and transparent. The performance appraisal staff should clearly inform the employee of the performance criteria and how to calculate their performance results.



Finally, after the completion of performance appraisal, the performance appraisal staff should feedback the results to each employee, so that they can objectively understand their works in detail, also to maintain their own advantages and improve their own shortcomings by choosing a more efficient working method. The company managers can also take the lowliest place elimination series and other punitive measures to improve the performance appraisal effect.

#### Establish a career planning system

The company should establish a perfect staff career planning system. The career planning system ensures that the company can have the right people to take the appropriate responsibilities in the right time.

First of all, companies should conduct a professional character test for each staff. Make each staff understand their own suitable career, so as to develop their own career development plan.

Second, the company should provide the corresponding work and post according to the staff career development plan, whereby the company can mobilize employees to put him in a position that is more suitable for his own development to make effective use of each employee.

Third, regular follow-up visits to staff to understand the fitness of staff and new post. For those who do not adapt to the new post, the company should re-test them to move them to more appropriate post.

Finally, the company should establish a personal career development file for each staff. By focusing on employee career development, providing career assessment opportunities to help employees set career goals, developing specific action plans and measures to create the organizational atmosphere that company and staffs grow up together, to enable the staff to be confident in the future, so as to effectively integrate enterprise development with the achievement of individual goals.

#### Establish long-term incentive measures for core staff

As a decoration company, with the continuous expansion of business scale, , the company must attach great importance to the complex talents who master technologies, good at operating and managing. In the process of building the staff

incentive mechanism, this type of talent must be targeted as the core staff, and the company should take long-term incentive measures on them.

First, the holding incentive measures should be carried out on the company's core staff. ZHBD company can allocate 10% surplus reserve project to core staff as a bonus each year, which is distributed according to their personal performance, job responsibilities and working years. Meanwhile, the company can sell 10% of its shares to core staff at the face price or give to them as a bonus. Core staffs see the company as their own if they really have a stake in the business, which can reduce the loss of core staff.

Second, the company should also conduct emotional incentives to core employees. Managers should focus on emotional investment in core staff. Managers should give core staff care at work and life, so as to stimulate the enthusiasm of the core staff. For example, if the accident occurred at the core staff or their family, the company should understand the situation and help them solve the problem, rather than demanding that they work on time. The company can even send house and other measures to play the role of retaining talent. Although the emotional connection related matters are not subject to time and space constraints, but compared to tangible material incentives, it can produce lasting effect. Therefore, it is necessary to combine with the enterprise culture to take other measures to enhance company cohesion.

### **5.2.3 Focus on the Growth Trajectory of Staff**

Customize training programs based on employee characteristics

According to the survey, the opportunities for personal development are most valued by the staff of ZHBD company, followed by the sense of accomplishment, and high wages and the other material factors. Therefore, the company should strengthen the management of staff career, especially the core staff, so that the employee's career goals and organizational development goals can be consistent, in this way, the company allows staff to create greater benefits for the company when helping them to achieve their professional value.

The company should also provide a variety of supports to its employees in the development process of their careers. In the era of knowledge economy, knowledge and technology update faster and faster, learning cannot be tackled once and for all at any time, and the staffs are likely to be unable to achieve their career goals due to the shortcomings in the knowledge and ability in the career development process. Under such conditions, training support for employee knowledge and capacity deficiencies is critical. Staff training includes internal training, re-education, rotation training and several other ways. The personal training program should be individually tailored to staff by the company based on their career goals and shortcomings, so that staff can enjoy a good training and career development opportunities while fully realizing the personal value in the process of growing with the company together. At the same time, the company should also design a successor plan in order to determine the successors when the staff promotion or retirement of old staff, to maintain the sustainable development of the company.

Apply the assessment results to the staff development plan

To apply the results of the assessment to the staff development plan, a detailed investigation of staff development needs should be conducted firstly, the targeted plan is then developed. The sources of the survey include not only the results of the monthly, quarterly, and annual performance evaluations, but also the evaluations from departmental managers and other colleagues.

#### **5.2.4 Emphasis on Training Motivation and Participative Management**

Link training incentives to talent career planning

The company needs to analyze employees to provide effective career development plans, and conduct different and targeted training based on this. The analysis contents mainly include the following aspects:

Personal character and values. It is necessary to conduct analysis of personal character and values in the career planning for staff. On a post, the character determines the fate; in the whole career, the staff should adjust the direction of

development through their own character self-evaluation, of course, interest is also one of the aspects to be considered. A person may be doing nothing in a position, but being outstanding in another position. Therefore, it is necessary to instill the right ideas to the staff to make them realize that what they should do is neither blaming on the opportunity, nor complaining about the company, but to accurately grasp their own personality, to find the most suitable position for their own, so that they will be able to release the maximum energy. If the staff find that there is a gap between their own character and work requirements, then they must consider digging the other side of their own character to make them work at ease.

Personal EQ. EQ is an indicator that determines and describes emotional emotions of people, which includes emotional self-control, interpersonal processing capacity, frustration resistance, the degree of self-understanding, and the understanding and tolerance of others. Whether a person can succeed, 20% owned by IQ while 80% should be attributed to EQ. Lack of EQ make people prone to negative emotions such as anxiety, withdrawal, anger, anxiety, tension and so on. If the use of EQ succeeds, one can make your own relationships like a duck on the mall, give an added grace to his career. The company has a lot of staff who only focus on the achievements on their work skills and performance, and think that the role of EQ is unimportant as long as these can be done, so they are very indifferent in interpersonal relationships. These staff will be fear and treachery once made mistakes and depressed in a setback, which may become a shackles of their own development.

Personal strengths and weaknesses. The pros and cons of the individual are the necessary factors that staff should consider in their career planning. The staff should make best use of advantages and bypass the disadvantages. In career planning, the advantages of the staff should be combined with the work to carry forward the advantages and be quite capable of their work. The Company shall carry out the talking with the staff and do more evaluation, allowing staff to recognize their own strengths and weaknesses, which is the basic condition for staff career planning.

Improve staff awareness of the company. Before setting a career goal, the employee must first have an initial understanding of the company's organizational structure and job responsibilities to avoid making a blind decision.

In general, it requires staff to "know themselves" when developing a reasonable career planning for the staff, that is, first of all to understand their own, and secondly to understand the company.

To promote the upper and lower levels of communication in the human resources management system

Communication is also the core of incentive management. In the process of implementing or changing the incentive program, the company needs to communicate with the supervisors and employees at all levels enable them to understand the objectives and requirements of the program and the program will be smooth in the implementation process. In addition, it is also necessary to collect feedback from various departments or employees during the implementation process, which has an important role in the follow-up improvement or revision of the program. Communication and feedback should run through all aspects of incentive management.

#### **5.2.5 Redesign the Construction Process of Incentive System**

Establish a mechanism for regular surveys of staff incentive satisfaction

The implementation of the staff incentive satisfaction survey can effectively detect and prevent the problems in the incentive policy of the company to ensure its implementation effect. Satisfaction survey not only can verify the effectiveness of enterprise incentive implementation, but also grasp the judgments and the real ideas of staff on the company incentives methods. These are the information that should be valued by the company managers. Companies should understand this information, supplemented by appropriate improvement measures to continuously improve the implemented incentive method to enable it play a role in encouraging and promoting employees with the time. Therefore, the establishment of a regular staff incentive satisfaction survey is one of the important safeguards to build the incentive measures for staff.

In terms of specific measures, on the one hand, the time and frequency of satisfaction survey should be fixed in the form of documents, so that it become the commonly used tool for daily incentive management, making incentive management

standardization; on the other hand, the company can make an objective and scientific analysis of the staff incentive satisfaction results by introducing an external professional investigation system or a research advisory institution, thereby providing effective improvement measures for the management and decision-making works related to the incentive.

In summary, the staff incentive satisfaction survey is an objective assessment of the incentive effect. It should take the company system as the security of implementation, with extensive use of internal and external forces, to ensure that the incentive methods applied in the ZHBD company staff are conducted effectively.

Establish a mechanism for staff participation in decision-making

Staff participation in decision-making is not only an effective targeted incentive method, but also a kind of people-oriented method in human resources management. Staffs are most fond of the satisfaction after the realization of self-worth, and therefore allow them to participate in decision-making can fully meet the desire of realizing self-worth. Giving staff a certain right of decision-making participation will help the company to implement a more reasonable work plan and tasks to enhance the sense of responsibility of staff, to stimulate their enthusiasm as well as improve work efficiency. The respect and trust of the company to the staff can be shown by making the staff directly involved in the work decision associated with their own. Moreover, due to the professional skills and work experience, staff can quickly find out the problem, put forward improvements and have a more understanding of the customer's ideas. The sense of responsibility of staff will be strengthened when they have more participation and decision-making rights in the company affairs, and ultimately achieve low-cost and efficient development.

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