

# Analysis on the Application of Employee Incentive Mechanism in Human Resource Management

Shenghao Li

Xidian University, School of Economics and Management, XiFeng Road, Xinglong Section 206, China

**Abstract:** *With the rapid development of social economy, the competition among enterprises has changed from the traditional competition based on material resources to the competition based on human resources. Talents have become the most critical resources in the process of enterprise development. Therefore, retaining talents has become a key problem. Based on the application environment of employee incentive mechanism in human resource management, this paper discusses the problems existing in the existing employee incentive mechanism, and puts forward some suggestions to help enterprises to establish an effective employee incentive mechanism in order to improve and strengthen the management of human resources in enterprises.*

**Keywords:** Human Resource Management, Incentive Mechanism, Incentive system

## 1. Introduction

As an invisible strategic resource for social development, human resources are a powerful driving force for the development of public institutions. At present, the economy at home and abroad is developing rapidly. With China's entry into WTO, public institutions are faced with more severe opportunities and challenges. Therefore, only by adhering to the people-oriented management principle and constantly innovating the concept of human resources management, can institutions develop in the fierce market competition. Only by better applying the incentive mechanism to the human resource management of public institutions and perfecting the incentive mechanism can we give full play to its due role and contribute to the development of public institutions.

In the human resource incentive mechanism of enterprises, incentive theory is the core content of incentive behavior. Incentive theory and incentive behavior constitute a perfect human resource incentive system. Generally speaking, the incentive system in enterprise human resource management is mainly to create an environment to meet the different needs of different employees, and to stimulate employees to produce a process of realizing a certain goal of the enterprise or the team. Objective to make the enterprise fully master the initiative of each employee, mobilize the enthusiasm and initiative of the employees, so as to effectively improve the working efficiency of the employees and promote the realization of the objectives of the enterprise.

## 2. Related Concepts

### 2.1 Incentive mechanism

Incentive mechanism aims to achieve economic benefits and meet the material and emotional requirements of employees, mobilize the enthusiasm and creative ability of employees, so that employees strive to contribute to the development of the enterprise. That is, in a specific work environment system, the process of taking appropriate means to promote

employees to break through is the incentive mechanism, the purpose of which is to encourage the spirit and material of employees, such as spiritual encouragement and recognition of employees, material rewards of employees, etc., in order to promote the progress of employees.

While the incentive mechanism standardizes the behavior of the employees, the corresponding reward and punishment system is set up. Only when the employees have the goal of the work can the incentive mechanism improve the work efficiency and enthusiasm of the employees, and produce a positive incentive effect. A good incentive mechanism needs to consider the real needs of employees in an all-round way, combined with their own initiative and creativity to give full play to the real value of each position.

### 2.2 Material incentive and spiritual incentive

Material incentive is to use material stimulation to motivate the employees of an enterprise. In general, material incentive is also a reasonable return to the labor paid by the employees and the wealth created for the enterprise, as well as to bear the risks in the work, etc., and it is also the premise and foundation for the enterprise to construct and perfect the incentive mechanism. Material incentive mainly includes wage incentive and bonus incentive, annual salary incentive or stock income incentive and so on. It is a common incentive means in enterprise human resources management.

Spiritual incentive mainly starts with the spiritual world of enterprise employees, and stimulates the enthusiasm of enterprise employees for their own work at the spiritual level, so as to fully mobilize the enthusiasm and initiative of enterprise employees. Spiritual motivation mainly includes job incentive and goal incentive as well as honor incentive. In essence, no matter what industry they are engaged in or in what position they are in, they all want to be respected and recognized by others, so as to pay more attention to the image and status and honor of their own enterprises.

### 2.3 Real-time incentive and feedforward incentive

From the point of view of the implementation process of enterprise human resource incentive mechanism. The incentive mechanism includes real-time incentive, feedforward incentive and feedback incentive. In the process of incentive strategy implementation, real-time incentive is mainly a kind of incentive mode in which managers give employees corresponding encouragement and support when they encounter setbacks and difficulties in the implementation of tasks. In other words, real-time motivation is an incentive at work.

Feedforward motivation is also a prior incentive, which refers to the incentive before the beginning of the task. For example, before the beginning of a certain work, enterprise managers will hold a plenary meeting, according to the current situation of the same industry and different years, formulate the key and difficult parts of the work, at the same time clarify the specific responsibilities and rights of each department and employees, and emphasize the difficulty of completing the task and the rewards that employees can receive after the completion of the task, it can be said that feedforward incentive is also a kind of target incentive.

## 3. The Role of Incentive Mechanism

### 3.1 Mobilizing the enthusiasm of employees to work

The judgment of the market competitiveness of public institutions is based on their unit performance. Therefore, if institutions want to have certain survival and development conditions, they must ensure the completion and improvement of performance. Therefore, institutions have certain requirements for the performance of employees, so as to better enhance the market competitiveness of institutions, and the application of incentive mechanism can enable employees to meet their own needs in all aspects through their own efforts, greatly enhance the motivation of employees, promote employees to continuously develop their own potential, put into work, and then improve performance.

### 3.2 Exploring the potential of employees

The related research on the working potential of employees shows that the work potential of employees is also different under different external conditions. If employees have the supervision and management of incentive mechanism, the potential of employees at work is much higher than that of employees when they lose their motivation, up to 70%. When employees lack the passion to work, the employee's own potential can only be realized by 30%. Therefore, incentive mechanism plays an important role in the development of employees' working potential. It can effectively regulate and control the behavior of employees, make employees continue to learn, improve the comprehensive quality and enthusiasm of work, improve the management quality of employees in institutions, and make outstanding contributions to the promotion of market

competitiveness and economic benefits of institutions.

### 3.3 Improving the cohesion of the institution

The incentive mechanism not only has a certain positive impact on the individuals in the public institutions, but also has a certain impact on the whole group of the unit. For example, when the incentive mechanism promotes an employee to work actively, it will also promote the enthusiasm of the surrounding employees, which will have an impact on the working atmosphere of the whole institution, improve the work efficiency of the whole institution and the cohesion of the whole unit. Therefore, institutions should use the incentive mechanism, hold a variety of useful amateur activities that can improve their physical and mental health, promote the unity and cooperation of public institutions, promote the benign interaction between employees, and make the whole institution develop in a healthier direction.

### 3.4 An effective way to form organizational culture

The survival and development of the organization should be based on good organizational culture, and good organizational culture training needs to be strengthened from both positive and negative aspects. Excellent corporate culture can provide a good organizational environment for employees. American psychologist Herzberg believes that incentive methods to improve external conditions (such as working conditions, financial status, safety, etc.) can improve employees' job satisfaction, but may not stimulate positive behavior. Only by motivating from within can we really arouse people's enthusiasm, and appropriate spiritual incentives are more effective and lasting than many material incentives.

## 4. Problems existing in incentive mechanism in human resource management

### 4.1 Too much reliance on traditional management and lack of scientific talent introduction mechanism

In the past, the recruitment, selection and appointment of talents were almost all decided by the owners of the enterprise, and the composition of "rule by man" was the most. In the early days of business development, about 45% of many middle and senior managers were family members or relatives and friends of owners. With the progress of science and technology and the change of management concept, enterprises are also developing. If we rely too much on the traditional human resources management model, it will lead to the shortage of talents, which will affect the enterprises can not quickly adapt to the changing and competitive incentive market.

### 4.2 A single incentive and a single means

The purpose of motivation is to meet the needs of employees, but there are individual differences and dynamics in the needs of employees, that is, the needs of

employees vary from person to person and from time to time. Therefore, the incentive methods and means also change with the change of employee needs, but many modern enterprises use the same incentive means for employees.

Salary, annual salary system, bonus and so on are the traditional incentive forms of our country. The most widely used is the form of bonus incentive, but the drawback of this form is that it is not very strong and difficult to motivate employees. Although the annual salary system has less risk, but the proportion of salary is relatively large, so it is difficult to have an incentive effect on employees. In addition, the traditional incentive mechanism is not very reasonable, lack of a certain scientific. And the form of incentive is too simple, the defect is that too much emphasis on heavy material reward, for the spiritual reward is not very important.

#### **4.3 Lack of construction of enterprise culture**

Some enterprise managers believe that only the number of orders, profits, turnover and other indicators are the lifeblood of the enterprise, cultural construction is useless. This situation often occurs in developing enterprises, because of the needs of survival and development, enterprises often focus on products and market sales, but ignore the incentive effect of cultural construction on employees. When the scale of enterprises develops to a certain extent, the management problems will be highlighted, hindering the continued development of enterprises.

### **5. The effective way to build the incentive mechanism**

#### **5.1 Realizing the unity of material and spiritual incentives**

Material incentive and spiritual incentive are also common incentive means in human resource management, and they are also an important part of incentive mechanism. therefore, in order to establish and perfect enterprise incentive mechanism, we must realize the unity of material incentive and spiritual incentive. The specific measures are as follows: first, enterprises should appropriately increase the wages, bonuses and allowances of long-term and active workers, so that these active workers have the motivation to carry out positive work; second, while giving material incentives to workers and staff, they should also be given spiritual incentives, such as giving honorary awards to workers who are active in work, and providing them with opportunities for promotion and professional knowledge and skills training, and so on.

#### **5.2 Changing the traditional incentive mechanism and set up the concept of people-oriented**

The transformation of the traditional incentive mechanism is an effective way to improve the competitiveness of the

enterprise in the market, and it is also a reasonable way to construct the people-oriented employee incentive mechanism. The company needs to respect each employee, to create an excellent working environment for the staff as much as possible, so as to play an effective role in the incentive mechanism. Because the situation of each employee is different, the enterprise should fully analyze the staff, master the actual demand and the working quality of the staff, and develop the incentive mechanism in accordance with the corresponding employee through the information available, But also make timely adjustment according to the change of the actual situation.

At the same time, in the process of formulating the incentive mechanism, we should fully listen to the suggestions of each employee, so that the incentive mechanism scheme is more scientific and transparent, and can also create an equal working environment for employees, which is very helpful for employees to maximize their talents and improve their enthusiasm for work. After the establishment of the incentive system, enterprises should do a good job in improving the performance appraisal mechanism, and form a complementary relationship with the employee incentive mechanism. And we can not just do superficial work, more importantly, the formulated plan should be carried out all the time and strictly, and can not be abandoned halfway, otherwise it can only be futile.

#### **5.3 Develop differential incentive schemes**

The most important purpose of creating incentive mechanism is to make employees more enthusiastic. When creating incentive mechanism, the ability difference between employees is a problem that must be taken into account. Because of the differences in academic background, personality and working ability between employees, enterprises can not implement the incentive mechanism according to a standard, otherwise it is bound to make some employees not satisfied. For example, some younger employees are very serious about the treatment of enterprises, so they are more likely to change jobs; relatively speaking, middle-aged people will be out of the pressure to support their families and dare not easily change jobs, so employees of this age group are still stable; for some employees with higher academic qualifications, they not only value salary treatment, but also have a stronger pursuit of spirit, such as the working environment and interest, and so on. In view of this, enterprises must fully consider the differences in the ability of employees in the implementation of incentive mechanism schemes, only in this way can they play the greatest role of incentive mechanism.

#### **5.4 Combining a variety of incentive methods**

Through the development of some successful enterprises in the world, it can be understood that there is no incentive mechanism to be perfect, and there will be some limitations on its own. If an enterprise is only to develop according to an incentive mechanism, Then it is very bad for the

long-term construction of the enterprise. Therefore, when the enterprise is applying the incentive mechanism, it is best to integrate multiple kinds of incentives together, and to draw the best part, so that the best incentive effect can be reflected. Therefore, in the creation of the incentive mechanism, the enterprise must combine the characteristics of the enterprise with the actual ability of the staff, so that it can create a set of incentive mechanism that conforms to the development of the enterprise, So as to play a most important role in the incentive mechanism.

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## 6. Epilogue

In the era of knowledge economy, the innovation of technology and management constitutes the core of enterprise competitiveness, and talents become the foundation of competition. Reasonable and effective development of incentive resources, the combination of enterprise goals and employee goals, so that employees grow along the direction of enterprise development, has become the core issue for enterprises to adapt to the external environment and seek competitive advantage. In the process of using incentive mechanism, enterprises should fully consider the biological social integrity of employees and attach importance to the factor of "employees". When the needs are met, the employees will show a positive tendency to act. Incentive strategy plays an irreplaceable role in shaping a good corporate image, improving the management of enterprises and promoting the development of enterprises in the management of human resources.

Although the human resource management level of enterprises has been effectively improved by the development of social economy and enterprise management culture in China, in the actual human resources management of enterprises, some problems that are not conducive to the development of the enterprise still occur.

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