The Existing Problems and Countermeasures of State-owned Enterprises' Incentive Mechanism

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Abstract

Nowadays, China’s market economy is developing continuously. For many state-owned enterprises, although the corresponding incentive system has been constructed, it has not achieved remarkable results in actual use. At present, as far as China is concerned, all kinds of problems caused by unreasonable incentive mechanism have great influence on the development of state-owned enterprises. Starting from the current situation of the incentive mechanism of state-owned enterprises, this paper discusses the problems faced by the state-owned enterprises in the incentive mechanism, and puts forward relevant countermeasures to achieve the goal of stimulating the working motivation and effective incentive of employees.

Keywords

State-owned enterprises, Incentive mechanism, Employee.

1. Introduction

With the gradual improvement of corporate systems, for most companies, incentive mechanisms have become an important means to maximize corporate value. In order to better promote the development of the enterprise and enhance the competitiveness of the enterprise, the corresponding improvement of the internal incentive policy of the enterprise is of great significance for improving the enthusiasm of employees and the level of financial management of the enterprise. At the same time, my country's economic development has entered a new normal, market competition has become increasingly fierce, corporate efficiency has declined significantly, and the phenomenon of employee hopping has deepened. Many problems in the corporate incentive system are also reflected to a considerable extent. If the company's talents continue to flow out, the workforce is unstable, and production efficiency will also decline, which will not only affect the company's current goals, but also affect the company's long-term goals for sustainable and healthy development. Therefore, the establishment of a modern enterprise incentive system has become the focus of the development of state-owned enterprises [1].

2. Present situation of incentive mechanism in state owned enterprises

2.1. Incentives do not form a long-term mechanism

Long-term incentive mechanism can effectively unify the long-term interests of enterprises and managers. At present, establishing a long-term incentive mechanism that is truly suitable for enterprises has become the primary issue for the development of many state-owned enterprises. Perfect incentive mechanism can guide enterprises to develop and utilize more excellent management talents and excellent employees. Long-term incentive mechanism can not only stimulate the enthusiasm of employees, but also ensure that enterprises retain
outstanding talents, and provide a powerful guarantee for the market competitiveness of state-owned enterprises. In the market competition with short-term realization of economic benefits as the core, the short-term incentive work of state-owned enterprises is gradually completed, and the incentive methods are gradually diversified. However, due to the lack of long-term incentives, employees pay more attention to short-term salary and bonus income, rather than improving personal skills. Some of them have realized the importance of career planning. For these people, the lack of re-education opportunities leads to the inability to achieve long-term incentives, low enthusiasm of employees, and serious waste of human resources in enterprises. This will undoubtedly lead to the loss of talents, which is not conducive to improving the performance and competitiveness of enterprises.

2.2. Gradually establish a scientific concept of incentive consciousness

In the planned economy, due to the particularity of state-owned enterprises, the corresponding competitiveness in the market is insufficient, which leads to their lack of attention to the incentive system. However, in the market economy, the competition for talents is heating up. In order to achieve better development, enterprises must be aware of the important role of incentive system. For the traditional incentive system, it is only from the material level. However, with the development of reform and opening up and the spread of Western ideas, staff began to have certain requirements for spiritual motivation. Many enterprises are gradually realizing that the establishment of a scientific incentive system plays an important role in improving the enthusiasm of staff. Some state-owned enterprises are in the forefront in reforming and improving incentive plans, analyzing employees' needs, and providing applicable incentive incentives.

2.3. Initial achievements have been made in the incentive plan for state-owned enterprises

In the traditional incentive policies, the main incentives are promotion, salary increase, paid vacation, welfare, year-end award and so on. At present, incentive policies have been reformed in some large state-owned enterprises in China. Within state-owned enterprises, diversified incentive policies such as stocks, options, bonuses, etc. have been formulated to pay different employees. Secondly, to relieve the pressure of life for employees by paying insurance and providing annual leave. In the process of improving the incentive mechanism, the satisfaction and enthusiasm of employees to work are improved. These state-owned enterprises in the improvement of the incentive policy, has obtained the corresponding effect. At present, for most of the domestic state-owned enterprises, there are corresponding deficiencies in the incentive policy, which need to be optimized. However, through practice, we can see that the construction of scientific incentive policy can effectively improve the enthusiasm of employees.

3. Problems in the incentive mechanism of state owned enterprises

3.1. The concept is lagging behind and insufficient attention is paid to talents

From the perspective of business philosophy, it has not fully changed and failed to combine with market rules for analysis; From the perspective of innovation, it can not meet the market demand better; In the aspect of talent management, the corresponding thinking concept is relatively backward, mainly inclined to the management of employees, not aware of the need to motivate employees. In order to improve the competitiveness of enterprises, we need to keep improving talents for future development. In other words, the future development level of enterprises is mainly determined by talents. Therefore, it is necessary to pay more attention to talents, establish and perfect various incentive systems, so as to achieve effective incentive to employees' behaviors.
3.2. The form of incentive mechanism is single

Many state-owned enterprises do not effectively understand the information of employees' inherent needs when motivating employees, but adopt a simple, rude and unchanging management mode to provide the same incentive mechanism for all current employees of the same kind. Up to now, some enterprises only apply the bonus system to employees, and do not pay attention to the spiritual and cultural incentives of employees. The simple economic stimulus plan can no longer meet the needs of the rapidly developing market economy. In the process of work, I also hope to realize my own value and gain recognition from enterprises [6]. If the enterprise ignores the employees in the development process and does not realize the spiritual needs of the employees, it will cause a great blow to the employees, which is not conducive to retaining excellent talents for the enterprise. For traditional enterprises, the incentive method is to issue shopping cards and other methods. For some emerging enterprises, it can provide more benefits for employees, such as insurance, education, tourism and so on. Compared with these enterprises, for the state-owned enterprises, the incentive method is too single, it is difficult to achieve good results.

3.3. Neglect of spiritual motivation

Some state-owned enterprises still use the material incentive method in staff motivation, but they don't realize the importance of spiritual incentive. For material incentives, it often has equalitarianism. That is to say, when there are great differences in the positions and work contents of employees, the number of incentives ultimately obtained is the same, and distribution according to work is not achieved. On the other hand, for technical talents, less incentives are given, which will inevitably lead to "adverse selection" and the loss of outstanding talents [7]. In some enterprises, because the incentive mechanism is imperfect, it can not produce better incentive effect.

In the aspect of spiritual motivation, it is generally carried out through praise and promotion. At the same time, in the process of motivation, there are often some unfair problems. Because of the opacity of decision-making, employees' enthusiasm is finally reduced. On the other hand, for state-owned enterprises, managers are usually made by the government. It is precisely because of this way that the promotion probability of employees is significantly reduced, which can not reflect personal value, and finally choose to leave.

3.4. Improper incentives cause value errors

Many enterprise departments stimulate employees' creativity through rewards, but in fact this practice is not necessarily beneficial to enterprises. The managers of some state-owned enterprises are also cadres of government departments, for which administrative duties are more important. Therefore, they focus on government affairs and neglect the management of enterprises. When making the annual or quarterly reward plan, we should mainly refer to the opinions of lower-level managers. Obviously, the low-level managers' evaluation of employees' performance is subjective to a certain extent, and the reward plan made by managers on this basis will naturally be biased. Many employees in state-owned enterprises have some deviations in their cognition of job performance. They think that as long as they abide by the company's rules and regulations, work stably and make no mistakes, they should be rewarded. On the contrary, those who always try to reform and innovate but always fail should be punished. Many grass-roots managers don't appreciate those employees who like to break the rules. They think that their ideas are immature and too unrestrained, which is not conducive to the development of the enterprise. On the basis of this, the top management should be rewarded and punished if they dare to keep pace with the times. Obviously, this kind of reward will seriously mislead employees' value orientation, and make them mistakenly believe that it is best to complete the work according to the established process, and innovation is just a waste
of resources. This will undoubtedly force the reform and innovation of enterprises to stagnate and bury hidden dangers for the long-term development of enterprises.

In addition, some employees of state-owned enterprises have a strong sense of exemplary promotion. In their cognition, only people like Wang Jinxi and Zhang Binggui can be regarded as really good employees. Therefore, in their own work, they are conscientious and down-to-earth, and through their own efforts, they have won various honorary titles awarded by enterprises. Nevertheless, in today’s highly open economy, these people still believe that model workers should receive these honorary titles every year, which will undoubtedly dampen the enthusiasm of other employees.

3.5. Ignore the creation of excellent corporate culture

In the process of enterprise development, we gradually realize the importance of corporate culture [8]. However, there are some defects in the construction of corporate culture. In terms of function, it is mainly manifested in the following two aspects: one is to improve the internal cohesion of enterprises; the other is to enhance the market image of enterprises. Our state-owned enterprises have not yet realized the incentive function of enterprise culture. Many state-owned enterprises regard the construction of enterprise culture as the obligation of propaganda department or government. Some enterprises think that the managers should come to build the corporate culture, but there is no direct correlation between the ordinary staff and the construction of corporate culture. Some enterprises think that corporate culture only provides spare time entertainment for employees and has no influence on the production process of enterprises. Some people say that corporate culture is the corporate image, which is a kind of public understanding of the enterprise, and has little to do with the actual business of the enterprise. Because the corporate culture is too simple, some people even evaluate the value of corporate culture construction. They didn't pay enough attention to the spiritual strength brought by corporate culture incentives, which could make employees work for enterprises with more enthusiasm. At the same time, their sense of cooperation is still very poor, and they are like scattered sand in the enterprise, so they cannot communicate and cooperate at all. Because enterprises don’t face up to the encouragement of corporate culture, employees lack the idea of developing together with enterprises, and have no prospect of developing together with enterprises. They just work hard and can’t communicate with other colleagues or departments in time even if problems arise. Therefore, the efficiency of cooperation is very low.

4. Countermeasures for perfecting the incentive mechanism of state-owned enterprises

4.1. Construct a perfect incentive mechanism

In order to effectively motivate employees' behavior, it is necessary to establish corresponding incentive mechanism. In the construction of incentive mechanism, it is necessary to analyze the strategic planning and management objectives of state-owned enterprises, and make clear the development strategic positioning and management objectives of state-owned enterprises. Only in this way can we break down the tasks and formulate a perfect incentive mechanism, that is, the incentive mechanism should serve the strategic planning and enterprise objectives. The purpose of motivation is to improve the enthusiasm of employees. Different cultures have different influences on enterprises, so incentives should be fair. For employees, when comparing salary and benefits, they need to compare with the rewards they have received before. Comparison results often have a corresponding impact on their follow-up work behavior. Therefore, enterprises should establish a perfect incentive system on the basis of widely listening to employees' opinions, and implement the incentive system strictly according to the system.
4.2. Comprehensive application of various incentive methods

In the process of motivation, blind motivation can't be used, which will waste the internal resources of the enterprise, and at the same time, it can't get better motivation effect. Therefore, for state-owned enterprises, it is necessary to analyze the actual situation of enterprises and formulate differentiated incentive systems. For example, jobs can be divided according to employees' own characteristics, and employees' working ability and enthusiasm can be improved through rotation. With the development of society and the progress of science and technology, the material supply is becoming more and more abundant, and people's quality of life is constantly improving. According to Maslow's hierarchy of needs theory, after the material pursuit is gradually satisfied, people's spiritual pursuit level is also constantly improving [9]. Although material incentives can play a role in arousing employees' enthusiasm in a short time, they can't make employees form spiritual support for enterprises. Therefore, enterprises should pay full attention to the spiritual motivation of employees, such as adopting various forms of motivation, such as image motivation, emotional motivation, goal motivation, etc., in this way to meet the needs of employees in spiritual motivation [10].

4.3. Consider the individual needs of employees and implement differentiated incentives

For state-owned enterprises, in order to achieve better incentive effect, it is necessary to fully understand employees and understand their needs. Therefore, when making incentive policies, managers need to analyze from the following two aspects: first, for different employees, they all have certain particularity; Second, for employees at different stages, there are great differences in their needs. Therefore, it is necessary to analyze the needs of employees and formulate incentive policies that can better meet the needs of employees. Employees' needs are often influenced by subjective will, surrounding environment and other factors. Therefore, when analyzing the needs of employees, it is necessary to determine the dominant needs and motivate them from this aspect.

4.4. Reward and punishment should be used together to implement the elimination mechanism of the last place

In the process of reform and opening up, the idea of "money first" has been gradually established in people's minds [11]. Especially for the managers in state-owned enterprises, after this idea came into being, in terms of staff motivation, it is by means of bonus. However, as far as the actual situation is concerned, although for some units, a large amount of funds have been invested in staff motivation, but it has not achieved good results. The enthusiasm of employees is not high, which delays the opportunity of organizational development. The reason why motivation is effective is that people pay special attention to the success or failure of things when they are involved in their own vital interests, and the instinct of seeking good fortune and avoiding evil will turn the pressure in the face of crisis into motivation. Therefore, if employees have greater pressure in life or face the threat of unemployment, they will certainly work hard. In order to improve the working enthusiasm of employees, the end elimination system can be formulated within the enterprise. Through this way to enhance the sense of urgency of employees, strengthen their work efficiency, and better promote the development of enterprises [12].

4.5. Construction of enterprise internal cultural environment

Enterprises can build their internal cultural environment and create a good working atmosphere by combining incentive mechanism with corporate culture [13]. Therefore, in order to make the enterprise develop better, we must strengthen the efforts of enterprise culture construction. So that every employee can integrate their own values with corporate culture, make their own development goals consistent with those of the enterprise, constantly
improve their working attitude and ability, and have a strong sense of identity and belonging to the cultural concept of the enterprise, enhance the core cohesion and productivity of the enterprise, and lay a good foundation for the rapid development of the enterprise. State-owned enterprises should attach importance to the incentive role of corporate culture and strengthen the construction of corporate culture. The following three aspects should be done:

First, strengthen corporate cultural awareness. Strengthen the awareness of corporate culture, combine the actual operation of the company itself, and build a distinctive corporate culture. This can not only attract managers and grassroots employees to participate in the process of corporate culture construction, but also enhance their initiative and mutual cooperation. In the final analysis, the construction of corporate culture requires a long process. Only through systematic organization and design, long-term efforts and persistence can we form a corporate culture. Therefore, state-owned enterprises should also take the construction of corporate culture as a long-term task from the systematic perspective of strengthening institutional awareness.

Secondly, strengthen the sense of innovation and create a unique corporate culture. If the enterprise is regarded as a whole, it is still an independent individual for each enterprise. Therefore, for corporate culture, it also has unique attributes. It can be seen that it is meaningless to copy completely after the construction of enterprise culture. Through the combination of its own reality and characteristics, the enterprise can establish a kind of corporate culture that meets the needs of its own development and is recognized by all employees. Only by this kind of corporate culture can employees have a sense of belonging to the enterprise.

Finally, establish a professional corporate culture propaganda team. Because many managers of state-owned enterprises have not realized the importance of corporate culture, corporate culture as an incentive is still at the institutional level. If there is no publicity and display, employees will not understand. Therefore, it is necessary to publicize the corporate culture and promote the work behavior of employees with the help of corporate culture. In the process of publicity, it is necessary to ensure the authenticity and reliability of publicity information, and through publicity, let employees know the true connotation of enterprise culture, the development policy and construction strategy of enterprises, the cultural spirit of enterprises, and how to further improve their comprehensive quality to meet the needs of enterprise development. In this way, enterprises can create a working atmosphere in which everyone can make progress, unite and help each other, work together and achieve the same goal, thus laying a solid foundation for the exertion of the incentive function of corporate culture.

5. Conclusions

A good incentive mechanism can fully arouse the enthusiasm and interest of employees, and constantly improve the development level of enterprises. In recent years, state-owned enterprises have gradually carried out restructuring operations. In order to better promote the development of state-owned enterprises, it is necessary to improve the incentive system. At the same time, according to the actual development of enterprises, through the comprehensive use of a variety of incentive methods, improve the incentive mechanism, build the internal cultural environment of enterprises, fully mobilize the enthusiasm and efficiency of employees, and lay a good foundation for the rapid improvement of the overall management level of state-owned enterprises. In this paper, the current state-owned enterprises in the incentive problem analysis, determine its development status, and give the corresponding countermeasures, in order to achieve the improvement of the incentive system, make the incentive mechanism get long-term development. Only the incentive mechanism that meets the needs of market
development can fully motivate employees’ work enthusiasm, thus improving the market competitiveness of state-owned enterprises.

References


