

A Research of a Department Store's Salary Management in Shan Dong Province

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Abstract

Salary management in modern market economy already became the various countries' enterprise human resources management is an important part of the competition ability of the enterprise has a huge impact. The enterprise's salary management the fairness of the sense of belonging to employees, work effort and performance of the significant directly or indirectly effect, to the talent of attracting, retaining and motivating the plays an irreplaceable role, but also as the value of the enterprise to create an important management. To make the enterprise in the fierce competition advantage. We should attach importance to the effective use of the salary management. This article unifies the related data and facts, through a department store at the county level to the study of the system of the salary management, analyzes the enterprise salary management problems and the reasons, and in the light of the related problem with put forwards the corresponding countermeasures and measures.

Keywords: Department stores, Compensation management, Total Compensation

1. Introduction

Human resources are strategic resources in the 21st century. The change from industrial economy to knowledge economy is now one of the most important changes. And investment in human resources is an important symbol of the knowledge economy era. Knowledge economy is based on the investment of human resources, make full use of the human resource is the strategy in the 21st century. Human resource is not only the most active and the most active factors of production, and there is no doubt that it is the most important factor of production. Human resource investment is the most important and the most effective. With the progress of science and technology and the rapid development of productivity, the role of human resources in economic activity will be more and more obvious.

2. The Content of the Comprehensive Salary Strategy

Comprehensive salary strategy is a system the company build to reward contribute in order to achieve organization's strategic goals. It focuses on the actions, attitudes and achievements which can help organizations to achieve their goals. It is not only include the traditional compensation project, also include the ability training plan, non-material incentives and so on, which is incentive for employees. The key of "Comprehensive salary strategy" is to design the right reward plan combination, combine the traditional salary projects and new types of reward, and maximize the compensation support for the organization's strategic effect.

Comprehensive salary can be divided into two categories, "external compensation" and "internal compensation". "external" motivation mainly refers to the quantifiable monetary value provide by organizations for employees. Such as: basic salary, bonus and other short-term incentive pay, stock options and other long-term incentive compensation, unemployment insurance, medical insurance and other monetary benefits and so on. Intrinsic motivation refers to a variety of reward values given to employees which cannot be quantified. For instance: the job satisfaction, training opportunities, a chance to improve your personal reputation and attractive corporate culture, mutual cooperation work environment, as well as the company's recognition and appreciation for the individual, and so on.

3. A Brief Introduction to the Department Store

The department store was established in 2005, covers an area of about 10000 square meters, and it has hundreds of employees. It is a modern retail enterprise and it has grown up rapidly in recent years.

The company has human resource centers (human resources department, training department), the supermarket management center (operations department, planning department, supermarket purchasing, supermarkets), development, guild/youth corps committee, department management, financial management center (office, property management department, supervise and examine department, information department, finance department) and professional organization conforms to the modern retailing. This department store has more than 30000 kinds of commodities, involves the daily provisions, gold jewelry, clocks and watches, glasses, cosmetics, clothing shoes and hats, household appliances, food, non-staple food, catering and so on.

This department store has four floors, first floor is a department supermarket, mainly engaged in daily commodities, food counters, etc.; The second floor is mainly engaged in gold jewelry, cosmetics, household appliances, clocks and watches glasses, etc.; The third floor and the fourth floor host camp product involves the clothing, shoes, hats and so on. Every floor has a floor manager that manages the operation of the entire floor, every floor is divided into different departments according to the product category, such as Shoes for Men, Shoes for Women, and so on. The top leaders of each department is the director, and each department has different counter unit, such as the department of Shoes For Men sets five counter units, each counter unit has about 3 to 4 people. The supreme leader for cabinet is director, followed by one bookkeeper, the rest members are the most grass-roots staffs.

4. The Compensation Management System and the Problems of it

The design concept of the department store’s pay system is : "considering various aspects such as the post value, staff capacity, performance factors, performance oriented, reflect the value of different jobs for enterprise ,focus on employee needs, reflect the comprehensive compensation concept, to ensure that the internal fairness, provide the competitive compensation."

The form of this company's compensation is like this: the formal employee’s salary includes basic salary, post salary, performance salary, allowance, welfare; directors of the employees can enjoy annual bonus; Probationary employees will be entitled for basic wage, post wage and welfare. The post salary is based on the employee's duties, qualifications, skills, education and so on. Different positions, different nature, has different salary standard. In addition the company divided the same post into different levels and salary standard is different

The compensation management system in the department store seems reasonable, but its application effect is not very good in the process of actual operation, the main problems are like follows.

Works' salary								
Department	Position	Level	Basic wage	Post allowance	level wage	Bonus	The phone allowance	Total wages
Third floor	Manager	A	1000	1000	1000	800	200	4000
Casual shoes II	Director	B+	1000	800	800	200	100	2900
Casual shoes II	Bookkeeper	C++	1000	500	500	200	0	2200
Casual shoes II	Staff	C+	1000	300	300	200	0	1800
Casual shoes II	Staff	C	1000	300	200	200	0	1800
Casual shoes II	Staff	C	1000	300	200	200	0	1800

4.1 The Design of the Salary System is Short of Fairness

Enterprise salary system design should follow several principles. The first principle is fairness, which includes two aspects: fairness inside and external fair. Employees' internal fairness is produced in the assessment of "input" and "return", they are used to compare their returns of their hard work and income with returns of their efforts and income in the past. If the ratio of return and input has increased on the basis of the past, people produces a sense of fairness, otherwise people will not satisfied. In addition, employees will also compare with other employees. If the ratio is equal to or higher than the others, this employee will generate a sense of fairness and satisfaction; otherwise he will also be dissatisfied. And in terms of internal fairness, there is an interesting phenomenon: employees tend to have the feel that their outputs are higher than other employees, but their incomes are lower than others.

At the same counter unit, staff's prime task is to sell goods, the director's task is to manage the entire cabinet group, including stocking, returning, rotating and selling the goods. In addition to one day a week on a business trip (stock), the rest of the time, the main task of the director is to sell goods.

And ordinary employees' salary is around 1100, the directors' salary is around 1700. And the directors' have some privileges, such as they can enjoy the phone subsidies, they can leave their post when there are work-related matters to do. (in fact, directors are often get together and chat under the guise of privilege, leaving the task of selling goods to staff members which is the most important task). All of this make ordinary employees think that the salary is not proportional to the work's labor intensity and technical content. In addition during the holidays, for example, during the Spring Festival, the employee's work is always a few times as usual, but in addition to the overtime pay, there is no other welfare. The so-called holiday welfares for ordinary staff are extravagant hopes. On this basis, employees are dissatisfied with their salaries, no matter compared with themselves, or with their colleagues. Some employees even produce the idea of leaving.

4.2 The Design of the Salary System is Short of Motivation

The evaluation of the employees' performance is according to the evaluation of the whole cabinet group's performance. When the whole cabinet group's overall sales volume over a given sales plan, each member of the counter unit rewards a certain amount of bonus, the more sales volume over a given target the more bonus, but the performance of the different employees within the same counter unit is immeasurable.

This calculation method of performance salary reflects that the enterprises have a lack in creating a effective performance appraisal method which is directly related to the employees' performance. It divided the employees into levels according only to the employee's position, the corresponding educational background and work experience factors, and in fact measure of the specific compensation is simply depended on the level, the effective of the performance salary to motivate employees is not reflected.

In addition, the number of the post salary is according to staffs' position and their levels. The evaluation of the staff level should depend on the employees' performance. In fact the evaluation of the staff level is largely restricted by length of service because it is difficult to measure employees' performance. Employees that came to the store earlier have the priority to improve their levels. On this basis, compensation cannot reflect the value of the employees. The salary cannot produce the effect of motivation. The company's performance cannot be guaranteed.

4.3 The Correlation between Compensation System and Organizational Culture is not high

Under the condition of modern market economy, pay is actually a determinant of organizational culture. The organizational culture will inevitably become useless if there is no organization compensation system to support it. Only when employees not only understand the content of organizational culture and its connotation, but also feel the power of organizational culture, organizational culture can truly get into the staff's awareness, become a cause for their actions and decisions, so they take actions and finish the work in accordance with the requirements of the organizational culture consciously.

In the department store, the spread of corporate culture depends only on a training of enterprise culture during the probation period and reciting it every morning. But in actual operation, all kinds of the spirits which the enterprise culture's emphasis on are no show. Or at the beginning, employees are enthusiastic to act according to the requirements of enterprise culture. But in the end because of the lack of effective measures to strengthen it, employees are back to act according to their own habits. Reciting corporate culture becomes a routine in the morning. The employee's behavior is not unified and constrained, the phenomenon of intrigue and fragmented exists generally. The enterprise is lack of spirits of teamwork, enterprising and harmonious. It is in a state of disunity.

5. Causes of these Problems

Aimed at the problems of the department store's compensation management, this article thinks the reasons are as follows.

5.1 Lack of Innovation for the Establishment of Compensation Management Methods

Enterprise's human resources department has no insufficient understanding of the effectives of compensation management system and the damage of using salary system which is not suitable. And pay little attention to the using of compensation management. Enterprise tends to imitate or copy other enterprises' management systems, which may be unsuitable to the enterprise.

On the other hand, because the enterprise's competition environment is loose, the enterprise is insensitive to the change of the market and the social society. And all eyes were on how to divide the benefits of the organization. In this case, the enterprise's staffs cannot open their minds when dealing with new things outside the company. And the staffs don't work hard to learn new knowledge and new skills. And the company doesn't learn the good management practices of other enterprises. The human resources department is not keen on the innovation of compensation management system, to make it more adapted to the constantly changing enterprise.

5.2 The Lack of Motivation Caused by Unreasonable Compensation

The compensation management's ultimate goal is to make employees' behavior conforms to the enterprise's development strategy. Its direct target is to improve enterprise's performance. So the component part of compensation should coordinate with each other to serve the goal. But that is not the case.

On the one hand, the wages of employee is mostly composed of basic wage, post wage; the proportion of performance salary, welfare, etc. in employee wages is small. The performance management system which heavy seniority rather than performance make the performance appraisal system a formal and it is hard to extrude the outstanding person, in fact the difference between the poor pay and performance, therefore the salary merit pay is hard to play its proper role. The enterprise's performance cannot be guaranteed.

On the other hand, the performance of salary distribution system in the enterprise with decision effect is small, the most important factors affecting employee compensation discretion is the employee's salary, employees post wage level has a lot to do with employees, and there is a deviation due to the employee rating (is), makes the system boot for errors of the employees, make employees more care about their own level rather than the rise of the improvement of performance. Workers' promotion way is single, which make the situation worse.

5.3 Problems in Setting the Wages' Standards

Wage standards should be formulated on the basis of the enterprise's ability to pay, and follow the principles of legal, fairness, having incentive effects, The fair principle has important influence on incentive effect, so fairness become a important factor in judging whether the validation wage standards is reasonable or not. This department store's salary standard has many problems, leading to that the gap between different grades is big, and producing dissatisfaction. This will also result in the thought of self-centered. Then the employees will pay little attention to the interests of the whole organization. In addition, other senior managers' salaries are too high that, it will not only result in the grassroots' dissatisfaction but also will produce a heavy burden for the company's operating, which will reduce the external competitiveness of the company.

5.4 The Concept of Salary Management is Lagging

In terms of concept, many enterprises are using the traditional salary management concept and there is no innovation. This company often puts much energy on the actual equipment or specific facilities but pays little attention to improving the level of compensation management. In addition some managers don't realize the basic conception of modern compensation management.

The company in accordance with the employees' levels to give their post salary, make employees' wages scheduling inflexible .If any employees took their post salary took for granted, or think that they didn't get the same reward with their contribution to the company , post salaries' effect of motivation will be very difficult to achieve. In addition, the connection of enterprise salary system and enterprise culture is not close. Functions of each module are independent of each other. The effect is not good. Many enterprises misunderstand the role of organizational culture in the organization and its mechanism of action. They may think that the construction of enterprise culture only can produce a lot of "magic" effects. And they did not recognize the links between organizational culture, organizational strategy and the organization's human resources management system. So the company should innovate the concept of compensation management, keep up with the pace of the times, and be more adaptable to changes in the environment.

6. Countermeasures to Solve These Problems

According to the problems existed in the compensation management and the reasons of the problems. I think, the ways to improve the management level are as follows:

6.1 Design a Compensation System which is Suitable for the Enterprise

Enterprises should investigate the general situation of the enterprises' salary before designing the compensation system. It is dedicated to solving the problems of external competitiveness and inside fairness. It is the foundation of the whole compensation design. Only through a real survey, can make the compensation design achieve the target, and solve the problems in the enterprise's salary incentive.

The department store should improve their original salary system. The managers can adopt the concept of "broadband pay" compensation system when design their salary system: three span larger salary range can be set up, the manager level in the top salary range, manager and supervisor in a salary range, and director of the following is located in a salary range, combined with the compensation standards and performance, make every range of salary in the company to pay both scope and rich degree of elasticity that avoid the disadvantages caused by rank salary system, strengthen the team cooperation. In addition, but also pay attention to and strengthen the role of "inner" compensation, for example, training opportunities are no longer only belongs to the magnitude of competent staff, and the quota should be distributed to individual performance group performance outstanding individuals or groups; To set and the actual close ties to corporate culture, and combine with compensation, affect employee work set a positive values and so on.

All in all, pay system design must be according to the actual situation of enterprises, and closely combined with the enterprise strategy and culture, consider the various factors of system science, and promptly be revised and adjusted according to actual condition, can give full play to the compensation incentive and guiding role, for the enterprise's survival and development of the system guarantee of the play an important role.

6.2 Innovate Compensation Measuring Method and Adopt Suitable Compensation Standards

On the measurement method of the innovation, to abandon the original hierarchy, the introduction of new suitable compensation measures for the development of the company. Time starting from the reality of the enterprise itself, based on the actual situation of enterprises, from the principle of internal pay equity for different work required by the actual knowledge, skills, and the complexity of the work itself factors, such as a reasonable test evaluation, accurately measure the value of the work and then determine the pay standards.

The department store compensation standards can be divided into fixed compensation standard and the floating salary standard two parts, the former once the rules are relative stability, the latter with certain work achievement and the ability to pay. In addition, when making compensation standards strictly adhere to the principle of importance principle, scarcity principle and complexity. For the department stores should pay more attention to scarcity principle, namely although it is very important but personnel engaged in the jobs don't need to have do not have a special ability that ordinary people, ordinary people can do, it shouldn't be given higher compensation standards. Counter unit and ordinary employees, director of the pay gap decreases, not only can ease the discontent of ordinary staff, also prevent employees will focus only on the rank and position promotion.

6.3 To Strengthen the Bonds between Pay and Performance

Performance indicators as an important salary distribution, enterprise must strengthen the pay and performance; maintain a moderate elastic compensation system. From the enterprise itself, enterprise through the performance evaluation can not only realize guidance and supervision of staff. Also can effectively determine the improvement direction of the enterprise in salary management and improvement measures, so as to further optimize and the purpose of regulating the behavior of enterprise management. On pay and performance while maintaining moderate compensation system flexibility, on the premise of the overall situation unchanged, appropriate adjustments according to the concrete situation about compensation standard or part of a remuneration policy.

For the department stores should increase the proportion of performance pay in compensation. Performance pay on pay specific configuration method has two kinds, the first is a segmentation method, based on post evaluation and external compensation levels determine the overall salary of different jobs, and total pay levels for each post shard, such as a post total pay levels (100%) = basic fixed salary (50%) + performance salary (50%). The second is the matching method, based on post evaluation and external compensation levels determine the basic fixed wages, each position should be considered when the compensation level of market positioning, in this case, the general level of the basic wage should be positioning in the market pay level is relatively low, and in all jobs on the basis of the basic wage rise a certain proportion, make the overall level of the salary is in middle and high level of market pay levels, such as the overall level of a position = fixed basic salary + performance salary (40% of the performance salary as the basic salary).

In the employee does not meet or lower than expected performance standards, the total compensation level lower than market level; and at or above performance standards, its total compensation levels will be flat or above market pay levels, so as to achieve the performance of employees in accordance with the results to control their compensation and incentive purpose. Given the department stores start soon, size is not big, resource is not very strong, once for employees to achieve performance standards, salary is lower than the similar in other industries, the use of the matching method is unfavorable to retain talent, so at this stage the company is more suitable segmentation method, to ensure that staff at the time of performance is not very tall also can ensure employees' pay is not lower than the market pay levels, of course, the proportion coefficient according to the actual situation of the market and its development stage, the external environment changes at any time, to adapt to the development and the change of external environment of the enterprise.

6.4 Establish a Flexible Compensation Incentive System

According to the comprehensive compensation theory and the actual situation of the department store, the compensation incentive system can be obtained from the following several aspects:

In terms of reward incentive, enterprises can use project bonus incentive method; Project bonus means the extra pay paid by companies to motivate employees to over fulfilled their task or acquire the excellent work performance. The growth of bonuses should be linked with the development of the enterprise. Make staffs aware that their bonus can grow only when enterprises' profit grown.

In terms of welfare incentive, enterprises can use the menu type welfare system. It is a series of appropriate welfare programs designed by the enterprise, and then employees choose one of them according to their own needs and tastes. This will increase employees' satisfaction. Welfare project's effect of motivation will be enhanced. This form can meet the requirements of the staffs in the largest extent, whether they are at the same stage or not. This will not only improve employees' job satisfaction and loyalty to the company, but also improve the efficiency of spending of welfare. The employees' welfare should be closely connected with their job performance, which is very important. The evaluation results of employees should determine the grade of the welfare gap, which can motivate the staff to race to the top. Then eliminate the disadvantages of welfare average from the system.

In addition, enterprises also can use achievement motivation, incentive and stock option incentive system, special welfare as an auxiliary incentive system.

7. Conclusion

Salary management is very important in enterprise management .It has vital significance means for enterprises to attract and recruit talents, motivate employees, complete the enterprises' development strategy. So enterprises should pay attention to compensation management, and establish a salary management system which is compatible with enterprise situation and in line with the enterprise case. Then through continuous innovation, enterprises can achieve the development strategy of the enterprise constantly which can reflect the meaning of compensation management.

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