

Discussion on the Purpose and Principle of Enterprise Incentive Mechanism

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ABSTRACT. *The competition among enterprises causes managers to think about their system construction. As a key link of enterprise management, incentive mechanism has always been highly praised and advocated by enterprise managers. Therefore, this paper specifically discusses the design purpose and principles of the system, which aims to help designers to deeply understand the importance of the incentive mechanism, then promote the improvement of mechanism construction.*

KEYWORDS: *Management, Purpose, Principles*

1. The Purpose of Incentive Mechanism System Design

1.1 Promote the Pace of Enterprise Talent Training

The development of enterprises depends on the cultivation and application of talents, and the establishment of incentive mechanism is to ensure the construction and expansion of the talent team and prevent the loss of talents [1]. Only by designing an incentive mechanism that satisfies and benefits employees can we motivate them to work, improve their performance and serve the development goals of the enterprise.

1.2 Increase the Rate of Return on Human Resources Input

Enterprises provide vocational training for their employees, this process will consume enterprise's resources. Therefore, incentive mechanism design will help enterprises cultivate loyal employees, especially earning a higher return for limited input. When employees are motivated, they will strive to create more benefits for enterprises.

1.3 Achieve More Reasonable and Effective Talent Allocation

The design of the incentive mechanism is to make the personnel training more successful, and can reasonably allocate the enterprise's talent [2]. It is better for employees to use their subjective initiative, cooperate with the enterprise's vocational training to constantly improve and enrich themselves under the incentive mechanism.

1.4 Enhance the Core Competitiveness of Enterprises

Enterprise incentive mechanism make employees and the enterprise common progress and coordinated development, strive to give full play to the maximum benefit of talent utilization, and improve the soft and hard strength of the enterprise.

2. The Design Principle of Incentive Mechanism System

2.1 Linking the Interests of Enterprises and Individuals

Combining closely the development of employees and the enterprise, let employees actively work for the enterprise, so as to maximize the interests of enterprises and individuals, and achieve the win-win results of enterprises and employees.

2.2 Combining Material Incentive and Spiritual Incentive

Material incentive is mainly manifested in the promotion of wages, bonuses and welfare allowances, while spiritual incentive is including verbal approval, position promotion and etc. In the design of incentive mechanism, enterprises should meet the material and spiritual needs of employees and stimulate their production efficiency.

2.3 Combining Positive and Negative Incentives for Employees

Using positive incentive to praise employees all the time will make them over-satisfied in their work performance, so that they cannot accept other's suggestions, which is harmful for enterprise's development [3]. Therefore, the positive incentive should be used in combination with the negative incentive. When employees are frustrated, the positive incentive should be given appropriately to improve their efficiency, and the negative incentive can be given when they are overconfident.

2.4 Wholeness and Locality

The incentive mechanism of the enterprise can be applied to the whole development process of the enterprise, but the specific situation, staffing and implementation difficulty of each department will be different [4], so the implementation rules can be adjusted according to the development of the department.

3. Conclusion

Understanding the design purpose and principles of enterprise incentive mechanism can help enterprise managers to better promote the construction of the system. In the future, with the change of development factors, managers should pay more attention to construct it for severing the long-term development of enterprises.

References

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