

Relevance between Equity of Compensation Management and Employee Performance

Yan Yao

Guangdong University of Finance and Economics, Guangzhou, 510320, China

ABSTRACT. *Compensation and performance have always been the core concerns of enterprises. There is a close relationship between the fairness of salary management and the performance of employees. This paper first expounds the impact of the fairness of salary management on the performance of employees, and then focuses on the reaction of the performance to the fairness of salary.*

KEYWORDS: *Salary; Equity; Job performance*

0. Introduction

In modern market economy, salary management is one of the most important and sensitive links in human resource management. Whether the salary management is fair or not is the concern of all enterprises, because the fairness of salary management is directly related to the enthusiasm and initiative of employees, whether employees are satisfied with the enterprise, whether they can be loyal to the enterprise, thus directly affecting whether employees can create good job performance. Therefore, the fairness of salary management in enterprises is of great significance to the performance management of employees' work. In addition, the improvement of employee performance makes the enterprise pay system recognized, which will be conducive to the operation of the enterprise pay system, make it play a better role, finally form a virtuous circle, ultimately promote the sound and rapid development of the whole enterprise, and make the enterprise more competitive and competitive in the market economy.

1. Impact of Equity in Compensation Management on Employees' Work Performance

1.1 Fair salary management can stimulate employees' salary satisfaction

Fair and equitable treatment of all employees is the basic principle that can not be violated in enterprise salary management. Only under the premise of fairness can the salary system be effective. The fairness of salary management is an important factor affecting employees' salary satisfaction. Expert research shows that the fairness of the results can have the most obvious impact on employees' salary satisfaction of all kinds; the fairness of the procedure has a significant impact on employees' salary satisfaction of bonus and salary-related management system and management status. In the process of management, enterprises pay employees fairly according to the principles of fairness, fairness, equality and need, which can increase all kinds of satisfaction of employees' salaries. Enterprises can greatly increase employees' satisfaction with the management system and management status related to bonuses and salaries by making various decisions and mobilizing employees to participate in the formulation of relevant salary systems^[1].

1.2 Compensation Satisfaction Brings Employees' Sense of Affective Attribution

Maslow's five needs levels include physiological needs, security needs, social needs (sense of belonging), respect needs and self-fulfillment needs. The salary distribution first provides the staff's life security, that is to say, it meets the most basic needs of the staff. Secondly, pay equity meets the safety needs of employees. And the satisfaction of salary brought by pay equity will make employees have a sense of belonging, that is, the sense of emotional belonging to the enterprise^[2].

1.3 Enhanced sense of emotional belonging can improve the level of organizational commitment

Employees' organizational commitment is the basic attitude of employees towards their own work organization and the deep reaction to the organization as a whole. It involves long-term, comprehensive and conscious work enthusiasm. It

comes from the satisfaction and protection of employees' needs, but more importantly, employees' respect and acceptance of organizational goals and values. A comprehensive model of employee organizational commitment. This is developed on the basis of foreign achievements and with appropriate modification of China's national conditions, and has been verified by empirical methods using data collected in China. Although not necessarily complete, it can be used for system analysis. The model describes the relationship between various factors. Organizational commitment is a result factor (dependent variable). There are four factors (independent variable) acting on it. The four factors are organizational, cultural, psychological and personal factors. However, only the third and four factors can directly affect organizational commitment (the third factor also affects intermediary variables), while the first and second factors can indirectly affect organizational commitment only through an intermediary factor (intermediary variables), i.e. sense of status. Employees' sense of emotional belonging is a psychological factor, which is a certain degree of psychological recognition and affirmation of the enterprise, and this factor is one of the most direct factors affecting organizational commitment. Therefore, the enhancement of employees' emotional belonging is conducive to cultivating employees' strong organizational commitment, which greatly improves the level of organizational commitment^[3].

1.4 Improvement of Organizational Commitment Level Promotes Employees' Work Performance

The essence of employee's organizational commitment is mainly an attitude, that is, the psychological orientation of responding to the organization in the way of love, attachment, intimacy and dedication. However, it is not a simple emotional concept. Seen from the causes and consequences of its formation, it is a multi-factor compound concept consisting of "knowledge-emotion-action", in which "knowledge" refers to the perception and understanding of the organization, while "emotion" refers to the love of the organization that sprouted from "knowledge", and "action" is a behavioral tendency or internal driving force transformed from "emotion", which is not necessarily specific. Explicit behavior. The causal chain of "knowledge-emotion-action" indicates that organizational commitment has long-term incentive function. Employees with high organizational commitment

exhibit a large number of organizational-friendly behaviors, such as work motivation, voluntary responsibility, dedication and sacrifice. And these behaviors will inevitably lead to high work enthusiasm and work efficiency, which will lead to the improvement of work performance.

1.5 Good employee performance will inevitably lead to the improvement of enterprise performance as a whole

The whole is made up of parts, without which there is no whole. Employees are the main component of enterprises. Without employees, enterprises will not exist. Employee performance is the key to enterprise performance, and it is also an indispensable factor to improve enterprise performance. Good employee performance is the performance that meets the overall goal of the enterprise, so the accumulation and aggregation of employee performance will inevitably lead to the maximization of the overall performance of the enterprise^[4].

2. Reaction of Employee's Work Performance to the Equity of Compensation Management

2.1 Remuneration is linked to performance, and employee performance is its basis

Modern salary management thought has already introduced performance into salary design. In order to make employees work harder, stimulate their enthusiasm and initiative, and expect to achieve maximum output, most enterprises have linked salary to performance, that is, performance pay. Performance compensation is an incentive remuneration for employees who overfulfill the work or outstanding work performance. It aims to encourage employees to improve work efficiency and quality. It includes not only the contribution of employees to the output and profit of enterprises, but also other contributions of employees to enterprises, such as maintaining the image and reputation of enterprises. Performance pay system links employee pay with quantifiable performance, promotes the fairness of salary management, and helps to integrate incentive mechanism into the relationship between enterprise goals and individual performance^[5].

2.2 Employee Performance Improvement and Salary Management Recognized

As we all know, the factors affecting salary include internal and external factors and personal factors, and internal factors include the enterprise's affordability, business conditions and so on. When employees can maintain normal performance or create higher performance, the enterprise's affordability and business conditions will be affected to a certain extent. Employee performance improves, driving the overall performance of enterprises to rise, and enterprises to achieve higher economic benefits. Obviously, the enterprise's affordability will be improved, the enterprise's operating conditions will be improved, and the salary level will be increased accordingly. In this way, compared with the market level, there will be a certain competitive advantage, which is conducive to promoting external equity. At the same time, to some extent, performance improvement is the recognition of salary management^[6].

2.3 Recognition is conducive to operation and promotes better performance of salary

Salary has a direct impact on employees' work behavior, attitude and performance. Salary not only determines the quantity and quality of employees that enterprises can recruit, but also the stock of human resources in enterprises. At the same time, it also determines the status of existing employees being motivated, which affects their work efficiency, absenteeism, sense of belonging to the organization and organizational commitment. And it directly affects the production capacity and efficiency of enterprises. Compensation is actually a signal that an enterprise sends to its employees. Through this signal, the enterprise can let employees know what kind of behavior, attitude and performance are encouraged and contribute to the enterprise, so as to guide the employees' work behavior, attitude and ultimate performance towards the direction of the enterprise. When salary management is recognized, salary designers will have considerable energy to further improve the salary design and pay more attention to fairness, so salary will better play its incentive function^[7].

2.4 This forms a virtuous circle

Compensation management equity and employee performance are closely related and complementary. Fair salary management is conducive to mobilizing the enthusiasm of employees, improving performance, but also to retain outstanding talents, ensuring high production capacity and production efficiency of enterprises. Conversely, the performance of employees is improved, the overall performance of enterprises is improved, the business situation of enterprises is improved, the salary design is more perfect, and it promotes fairness. This will form a virtuous circle, and eventually enterprises and employees will benefit. On the contrary, unfair or unreasonable salary will lead to employees taking actions that are not in line with the interests of the enterprise, or even leaving their jobs, which will lead to difficulties in achieving business objectives and confusion of values^[8].

Salary and performance are two core parts of human resources. The fairness of salary management and employee's work performance have mutual influence and effect. Pay management equity affects employee performance, and employee performance indirectly reacts to pay equity. Therefore, enterprises should be in the middle of the relationship between the two, always pay attention to fair salary management, motivate employees, so that everything is towards the overall direction of enterprise development.

References

- [1] Wu Hongfei(2018). The impact of fairness in compensation management on employee performance. *Commerce*, vol.47, no.6, pp.144-145.
- [2] Liu Juan(2018). The impacts of fairness of enterprise salary management on employees'work performance. *Regional Governance*, no.45, pp. 125.
- [3] Tao Yi(2018). The impacts of fairness in compensation management on employees' performance . *Human Resources Management*, no.10, pp. 189.
- [4] Yang Xingmei(2018). The impact of fairness in compensation management on employee performance . *New Business Weekly*, no.17, pp. 89.
- [5] Zhang Shaolian(2018). The impacts of fairness in corporate remuneration management on employee performance. *Science and Wealth*, no.23, pp. 118-119.
- [6] Wang Xiaoxin(2018). Research on the impacts of fairness of enterprise salary management on employees'work performance. *Inner Mongolia Coal Economy*, no.15, pp. 90-91.

- [7] Yuan Huachun(2018). The impacts of fairness in compensation management on employees'performance. *Human Resources Management*, no.8, pp. 57.
- [8] Zhou Jing(2018). Analysis of the impacts of fairness in compensation management on employee performance. *Market Modernization*, no.15, pp. 50-51.