

Article

# The innovation of modern management system

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**Abstract:** Institutional innovation refers to the dynamic process of generating, denying, abandoning or changing the old system (or the old institutional structure) of the new system (or the new institutional structure). Specifically, the private small and medium enterprise system innovation is ‘the enterprise as the main body, in order to better realize the function of the enterprise system, in the income and cost evaluation on the basis of the system supply within the scope of the design of the new enterprise system process.’ Institutional innovation mainly covers the aspects of enterprise property relations, governance structure, distribution financing, operation mechanism, management mode and other aspects of innovation, and other innovations and other innovations are both common and personality and significant features. First of all, the system innovation of private small and medium-sized enterprises is the prerequisite of a series of innovative activities such as product innovation, technological innovation and market innovation. It is an important system guarantee of active innovation and continuous innovation. Secondly, the enterprise system should be developed with the development of productive forces and market economy And the continuous improvement, we must adapt to the needs of economic globalization, innovation; In addition, the system’s innovation involves different levels within the enterprise mechanism changes, but also related to external financial system reform, social security system reform, government reform and other external system Change, we must proceed from the system point of view, pay attention to the external system innovation and internal system innovation to coordinate the operation, to promote their interaction.

**Keywords:** enterprise culture system innovation mechanism change technological innovation

## 1. System of private small and medium enterprises flaws

(A) In the form of organizations to individual, family business-based

Enterprise organization is mainly individual sole proprietorship. According to Chandler’s research ideas, Wang Xuanyu et al. research shows that 86% of China’s small and medium-sized private equity ownership in the hands of business owners, and the actual control of almost 100% in the hands of business owners and their families. The family members of our family enterprises not only control the high-level positions, but also control a large part of the middle manager positions; the actual control of enterprises, decision-making power by the family firmly in control, foreign managers are difficult to make independent decisions. Most of the private enterprise entrepreneurs are not highly educated, they lack of scientific management knowledge. Besides, those well-educated professionals are not paid enough attention. Most enterprises in the development of market strategy, product strategy, investment strategy lack of awareness of innovation and development.

(B) The lack of property rights system

Mainly in the following areas: First of all, the private SME property rights and

entrepreneurs of the individual property rights are mixed together, personal property and corporate property has no clear boundaries, nor the formation of modern enterprises have an independent and complete property rights system ; Secondly, the private property rights structure of small and medium-sized enterprises is a complete sense of the single structure, this unified property rights structure is unable to get rid of family blood relationship intervention; third, human capital cannot enjoy the property rights income. The high salary of private small and medium-sized enterprises is only to recognize the labor of the owner of human capital, not to recognize the value of human capital. Therefore, the property rights system of private small and medium-sized enterprises is imperfect and immature, even though their ownership is clear. Most of the choice of private enterprises is still individual ownership, cooperation and other forms of property rights system. This system to choose the biggest drawback is that investors usually have unlimited responsibility for business, investment risk, and less investment, the enterprise is difficult on the grade, on the scale [1].

(C) The advantages and disadvantages of governance mechanisms coexist

Corporate governance mechanism is a group of principal-agent institutional arrangements, it is the unity of economic efficiency and institutional adaptation. It is not difficult to see that the governance mechanism is one of the main factors that affect the business performance and operating efficiency. As the property and the entrepreneur's personal property is closely related to private small and medium enterprises incentive mechanism is also very perfect, there is no agent problem. Although there are many advantages, however, due to the lack of professional managers, private small and medium enterprises in the talent, external financing, corporate goals and other aspects of the disadvantages are more obvious; lack of institutional management, standardized procedures, management and decision-making have larger. The majority of private entrepreneurs is difficult to communicate with middle managers and employees on an equal footing and communication.

(D) Lack of management system

The starting point of the lack of private small and medium-sized enterprise management system is the expansion of the scale of enterprises, which is the most dangerous period of its development process. Management is more arbitrary, lack of a comprehensive institutionalization, standardization and procedures [2]. By the economic transition period of the system, the legal background and the impact of traditional habits, most private small and medium enterprises choose a family management. This approach plays an important role in the small start-up period of corporate funds. However, with the development and expansion of enterprise scale, the need to introduce a large number of foreign professionals into the core of the enterprise leadership, which often lead to professional managers and business owners to form two interest groups, to induce internal contradictions, Resulting in some management system in vain, difficult to implement. Most private small and medium-sized entrepreneurs are accustomed to business management, are accustomed to their own independent operation, and used to command from top to bottom, so that talented employees feel cannot be respected, cannot achieve self. Therefore, private small and medium enterprises are scarce talent, but could not retain talent.

(E) The lack of external environment for enterprise development

First, the concept of discrimination still exists. Mainly in some government

departments are still varying degrees of existence ‘doubt’, ‘fear of private’ and ‘defensive’ concept. Second, the market access restrictions, policy inequality. Some industries and areas in the policy of the people, although there are no public restrictions, but the actual conditions are a lot of restrictions, mainly to enter the qualification set too high threshold. Third, financing channels are narrow. In 2003, the short-term loans of township enterprises, individual and private enterprises and foreign-funded enterprises accounted for only 14.4% of the total loans of banks. Only 3% of the total number of private enterprises in the country received bank credit support. Fourth, the actual business tax is heavier. In 2003, the average business tax burden of the national key tax supervisors was 3.85% and the income tax burden was 11.89%, of which the same tax burden of the private enterprises was 4.31% and 13.11% [3]. Fifth, the rights and interests of enterprises from time to time suffered violations. There are a growing number of cases of infringement of the lawful rights and interests of non-public enterprises, and some administrative law enforcement agencies have often punished excessive penalties for self-employed and small enterprises. Six is the social service system is far from established. A large number of non-public small and medium enterprises in particular the need for business counseling, business diagnosis, technical support, staff training and other government services and social services, or basically no, or is still in its infancy. The considerable part of the small and medium enterprises is in a helpless position. Seventh is the government management system is not smooth. Government departments on the non-public economy long management, their own way.

## **2. Private SME system innovation strategic path arrangement**

At present, the institutional environment of private small and medium-sized enterprises in China is still very imperfect, and only insist on institutional innovation, and actively improve the existing system and internal governance structure of the various constraints, so that private small and medium enterprises creativity and productivity and institutional framework in the interaction In the continuous evolution, in order to enable enterprises to take a new development platform to achieve sustainable development [4]. At present, China’s private small and medium-sized enterprise system innovation should focus on the following areas:

### **(1) Entrepreneur innovation**

For the private small and medium enterprises, the entrepreneurial spirit will greatly affect its business philosophy, corporate purposes, ideas, cultural atmosphere, the concept of innovation and other ‘infrastructure’ and the formation of dynamic mechanisms. The uniqueness and non-imitation of the basic resources of the enterprise strategy mainly come from the knowledge and ability accumulation mechanism formed by the difference of the entrepreneurial spirit, thus supporting the formation and continuous innovation of the enterprise competitive advantage [5]: Therefore, cultivating the excellent entrepreneur spirit will be the core content of enterprise system innovation.

### **(2) Property rights system innovation**

Some people think that the main feature of the modern enterprise system is the separation of the two powers, so the private small and medium enterprises

entrepreneurs should be the right to operate the enterprise to the so-called 'professional manager of entrepreneurs', I only owner to enjoy the capital gains, Private small and medium-sized enterprise system can get rid of the influence of family blood relationship, can make 'money capital to choose the right operator.' We believe that family-run private small and medium enterprises should not be easily denied. The separation of the modern enterprise system is mainly from the modern large-scale joint-stock companies summed up, and private small and medium enterprises and large enterprises have a completely different management's characteristics, if these seemingly perfect theory hard to private small and medium enterprises, its structure is tantamount to carved sword. But there is a principle that is certain, that is, private small and medium enterprises should not just get rid of 'family hat' and restructuring, restructuring for the modern enterprise system, but should carefully study the advantages of family business and management efficiency, and then Analysis of what circumstances it needs to carry out what kind of transformation, this attitude is objective, fair and reasonable.

### (3) Management system innovation

Now the vast majority of private small and medium enterprises are still in the original management stage, really good scientific management must have supervision and management. Therefore, private small and medium-sized enterprises in the quality management, personnel management, marketing management, financial management, pay management, organization and management, strategic management, risk management and other aspects of institutional innovation, have to establish effective restraint and checks and balances. And only through the establishment of a sound corporate ownership and corporate property rights separated from the corporate governance structure in order to achieve the management of specialization and checks and balances, so that the original interests of the community to the fate of the community-oriented change. More importantly, in the WTO environment, technical barriers and green barriers make small and medium enterprises need to strengthen the production quality, labor environment, environmental protection and other aspects of the ecological management system.

### (4) Governance structure innovation

Private enterprises to carry out institutional innovation, the establishment of the scale of corporate governance structure, cannot copy the inherent foreign model, nor can only be confined to the legal framework of modern enterprise system, but should be due to time and time, focus on shaping and private enterprises to match their own situation The governance structure. From the family management to the professional management of the transition, to achieve 'enterprise family' to 'family business' change; optimize its own financing structure. Improve the sense of debt, take their own accumulation, direct financing and indirect financing of the road; attention to organizational culture; innovative business philosophy, the establishment of a reasonable scientific enterprise heritage model.

### (5) Distribution of system innovation

China's private small and medium-sized enterprises should first break through the traditional distribution model, the establishment of enterprise employees and business development prospects closely linked to the risk-sharing benefits of the new distribution mechanism, effectively intellectual capital as an intangible asset to

participate in the distribution [6,7].

### **3. Adhere to the distribution system innovation to promote the harmonious development of enterprises**

#### (A) Job efficiency wage composition

Job benefits salary consists of post salary, benefit salary, accumulated contribution to wages and allowances. Post salary mainly reflects the value of the post and contribution, in the wage in the dominant position. In order to reasonably distinguish the value of different positions, according to the composition of the elements of labor, the company will be in accordance with the management positions, engineering and technical positions and production operations to define and sort, respectively, set wage standards. Management positions are positions that are engaged in management functions such as planning, command, organization, coordination, and control. Engineering and technical positions refers to the post of special technical work engaged in production and operation, geological prospecting, mining and beneficiation, smelting chemical industry, energy power, testing and maintenance, computer technology, safety and environmental protection, engineering design and so on. Production operations are those engaged in direct production, auxiliary production and logistics services. In the management, engineering and production operations positions, according to job evaluation results, respectively, set up the post order, through the post to reflect the value of the post and the difference between the degree of contribution. Post salary using the base coefficient method, the post wage is equal to the post wage base multiplied by the job wage coefficient. In each post order, according to the level of staff skills were set different levels to objectively reflect the staff in the post on the contribution of labor, job wages in the staff wages accounted for more than 50%.

Benefit wages mainly reflect the economic benefits of the company, the relationship between employee performance and wages, is the wage unit. The company's economic efficiency is good, excellent staff performance to obtain higher efficiency wages, staff income on the contrary, the corresponding reduction. Benefit wages account for 30% of employee salaries.

Accumulation of contribution mainly reflects the contribution of employees to the enterprise, the long working life of the employees in the enterprise, the contribution to the enterprise, the accumulation of the contribution of wages, the accumulation of wages, including the wages of employees and the accumulation of wages, the accumulation of wages paid wages %. Subsidy subsidies are mainly compensation for special jobs, is a compensatory wage unit, subsidy subsidies accounted for 2% of wages.

The establishment of post benefits the formation of wage structure, clear distribution of the distribution system, highlighting the main wage, supplemented by the benefits of wages, other wage units to supplement the distribution system to achieve the enterprise development, staff growth and wages The distribution of the close relationship, the incentive role of wages, incentives and diverse means, the value of wages tend to become more clear. The salary of the post reflects the following principles: the distribution of wages and the importance and contribution of posts are

closely integrated. The distribution of wages is closely integrated with the work performance and labor efficiency of employees, and the distribution of wages and the labor elements of employees are closely integrated. The new distribution system fully embodies the characteristics of internal fairness, excitability and external competition.

(B) Establishment of job benefits wage system in the distribution of the value of the breakthrough

The post-benefit wage system redefines the basis of distribution in the theory of distribution. Through the post evaluation factor, the labor environment, labor intensity, skill level and labor responsibility of the post are comprehensively considered, which reflects the difference of job labor and the labor factor Staff distribution system, so that different employees in the distribution system can better reflect the post value and contribution value. The wage distribution system provides a value orientation for the realization of the company's development strategy. The principle of fairness and the principle of incentive are embodied. The distribution standard refers to the external wage price, which embodies the principle of external competition. Distribution system and the strategic development of enterprises, and corporate values, and employees of their own value combine to promote the continuous development of staff and business. In the principle of relying on the distribution of labor as the main premise, the distribution according to work and by factor distribution combined. Marx's labor theory of value and income distribution theory, advocate the liberation of labor, protect labor and continuously improve the quality of workers in the process of enterprise development, it is necessary to adhere to and develop this theory, and constantly innovate the practical value of developing labor theory of value, The distribution of value according to the distribution of labor theory is fully applied to the distribution of wages, and continuously improve the efficiency of the staff to achieve the sustainable development of enterprises. The post wage system is based on the principle of distribution of labor elements, in the distribution of the theory of innovation and exploration.

(C) Job efficiency wage system practice and improvement

How to better play the incentive role of distribution, the full use of distribution means to mobilize the enthusiasm of the staff, initiative, and stimulate the creativity of employees, is related to the success of the distribution system key. Jinchuan Group Company in the establishment of post-benefit wage system at the same time, according to the actual situation of the company, in the full study of the company's current economic responsibility assessment system, based on the company's development strategy, the application of the principle of Balanced Score, established a comprehensive assessment form The main content of the performance appraisal system. The use of financial income and work performance, output quality and external relations, internal control and process management and learning innovation and growth of four categories of indicators, respectively, the internal unit assessment, the assessment results linked with the unit staff benefits, according to the results of the assessment Penalty. The establishment of the staff performance appraisal methods for different positions (positions) of employees is according to the nature of the work were set up assessment indicators, the establishment of job performance evaluation system, monthly assessment. Employee performance appraisal results are applied to the distribution of benefit wages, reward employees with outstanding performance,

deduction of penalties for poor performance employees, and promotion of staff positions, promotion of skills and promotion of salary and performance appraisal results, effectively mobilized enthusiasm and initiative of the staff.

(D) Special incentive system, retain the core talent

- 1) To promote the company's scientific and technological progress, enhance the company's overall strength and competitiveness, the company developed a scientific and technological progress incentives. Each year the company to evaluate the research projects, according to the project on the company's production and management contributions, selected scientific and technological progress special, one, two, three prize, and the corresponding reward. The company's scientific and technological progress award special prize rewarded 1 million yuan; first prize rewarded 500,000 yuan; second prize rewarded 300,000 yuan; third prize rewarded 150,000 yuan. 2007 selected five scientific and technological progress awards, the total amount of 225 million rewarded.
- 2) In order to strengthen the company's key construction project management process to ensure that the key construction projects of the project quality, progress and investment efficiency, the company developed a key construction of project management regulations. Company key construction projects are divided into a class, two categories, three levels. Project team's members and person in-charged each month to enjoy 200 to 1,100 yuan ranging from the project allowance. The existing 21 key construction projects, enjoy the project allowance for 163 people.
- 3) In order to improve the company's technological innovation capability, fully mobilize and play the enthusiasm of technical staff, clear technical responsibility, increase rewards and punishments and transparency, improve the success rate of science and technology projects, the company developed a key scientific research project management approach. Company key scientific and technological projects are divided into a class, two categories, three three levels. Project team members, research staff, project leaders were entitled to 400 to 1,200 yuan per month, respectively, project subsidies. 10 existing science and technology projects, enjoy the project allowance for 161 people.
- 4) In order to further encourage scientific and technological personnel to join in the work of technological innovation, and fully mobilize the enthusiasm of the company's scientific and technological personnel and creativity for the company's rapid development and international business strategy to achieve a strong technical support, the company's own research institutes directly engaged in new Product development and process innovation of the test personnel, technical staff, the establishment of scientific research subsidies. The company by 300 to 600 yuan per person per month ranging from the award criteria for scientific research units, by the scientific research units based on staff performance assessment issued.
- 5) A substantial increase in the recruitment of new students. Due to the geographical relationship, the company recruited college graduates has become more difficult, the company's rapid development and the pace of international business to speed up the requirements of the company to develop attractive remuneration, the company in the careful study on the basis of contrast, developed a doctor, Graduate students and leading professional undergraduate graduates, non-leading

professional undergraduates wages classification system, the various types of personnel during the probation standard were 5,000 yuan / month, 3,500 yuan / month, 2000 yuan / month and 1800 will be high.

#### **4. The importance of enterprise system**

The importance of the enterprise system is mainly manifested in several aspects [8]:

(1) The enterprise system is the institutional basis for the existence of enterprises

As we mentioned above, the enterprise as a combination of various factors of production, in fact, through the institutional arrangements to organize a variety of factors of production, and thus the enterprise system is a combination of various factors of production core link and foundation. Some people say that the enterprise is the contract between the investors, that is, the contractor to the provisions of the enterprise system, and then in accordance with the provisions of the enterprise system to set up enterprises. Therefore, there is no enterprise system, it simply cannot talk about the existence of enterprises, of course, cannot talk about the development of enterprises, and thus the existence and development of enterprise system is the enterprise system.

(2) The enterprise system is the code of conduct of the enterprise and its constituent institutions

Because the operation of the enterprise itself and the activities of the various organizations within the enterprise, are subject to the enterprise system constraints, so the enterprise system determines the enterprise itself and the organization of the organization's behavior rules and behavioral norms. Enterprises and enterprises in the various organizations, must comply with the corporate system arrangements, can not violate any arrangement of the enterprise system. It is based on this, it is generally said that the enterprise system is actually the enterprise itself and the organization of the organization's code of conduct.

(3) The enterprise system is the behavior of employees norms

Employees as members of the enterprise, whether CEO, or the general staff, their behavior must comply with the rules that reflect the requirements of the enterprise system, that is, in accordance with the requirements of the enterprise system to regulate the behavior of employees, and standardize the staff The code of conduct is the corporate system. It is based on this, people usually refer to the corporate system as a code of conduct for employees.

(4) Enterprise system is the source of efficient development of enterprises

Although the vitality of enterprises from many aspects, but mainly from the enterprise system arrangements. If the enterprise system arrangements are very conducive to mobilize the enthusiasm of the various production factors in the enterprise, then this time the enterprise is the most dynamic. On the contrary, if the enterprise system is very conducive to the arrangement of the enterprise to mobilize the enthusiasm of the various factors of production, then this time the enterprise is the most dynamic. Just as China's original state-owned enterprises have no vitality, a very important reason is because of their business system arrangements have problems, their corporate system cannot fully mobilize the enthusiasm of various factors of



production. Therefore, the enterprise system is the most important guarantee for the vitality of enterprises, there is no good corporate system, it is impossible to have the vitality of enterprises.

(5) The enterprise system is the institutional framework of the enterprise's orderly operation

Enterprises to orderly operation, it must be in accordance with a certain procedure to run, and according to a certain procedure to run, it must have a running program, the procedure to the enterprise operation is bound, then the constraints of the operation of the enterprise is what? Nothing else is the business system. Therefore, the enterprise system is actually a constraint on the behavior of various factors of production enterprises and the behavior of their own business a standard.

It is precisely because of this, so the orderly development of enterprises, we must have a good business system. There is no good business system, there is no orderly operation of the enterprise. For example, some of our private enterprises cannot run in an orderly manner, because of the lack of a good business system, and some private enterprises, although in a certain period of time is very strong vitality, but not a few years to die, The reason is that its corporate system design is unreasonable, corporate system design may indeed mobilize the enthusiasm of various factors of production and business vitality, but did not form a good and effective constraints, and thus soon die, become short- lived enterprise. Thus, the enterprise system is an orderly operation of enterprises is an extremely important guarantee.

(6) The enterprise system is the system guarantee of the enterprise's business activities

All the business activities of the enterprise, whether it is production and business activities, or capital business activities, must be carried out in a certain institutional framework, this institutional framework is the enterprise system. Therefore, it can be said that there is no reasonable business system arrangements, there can be no efficient business activities, because there is no good corporate enterprise system, business activities, there is no system of protection, so that business activities simply cannot be efficient To unfold. It is based on this, so people often say that efficient business activities are actually dependent on a good corporate system.

Because the enterprise system has the six aspects of the importance of the above, so to discuss business issues, we must first discuss the issue of enterprise system innovation. In other words, all the people who want to study business issues and business people, we must first consider the innovation of enterprise systems. On the business people, if the enterprise system to solve the problem is not good, cannot talk about the dynamic issues of enterprises, it cannot talk about the orderly development of enterprises, of course, do not talk about business efficiency Problem; on the study of business problems, if you do not know the problem of enterprise system innovation, it is impossible to deeply grasp the substantive issues of the enterprise, which cannot correctly study the business issues. It can be seen that the discussion of business issues, often the first need to study, is the enterprise system innovation.

## **5. Enterprises generally need the following aspects of innovation**

(A) Service innovation

Well-known IBM company in the ad stressed that ‘IBM is the service’, is a reflection of the company attaches great importance to product and service ideas [9]. Product service innovation is to emphasize continuous improvement and improve service levels and service quality, and constantly introduce new services and service measures, trying to make consumers get the most satisfied or satisfied.

(B) Knowledge innovation

It is said that a contemporary doctoral student, can only grasp the total amount of human knowledge 1%, the remaining 99% do not understand, of which there are 4% he did not know there is such knowledge exists. Most of the managers of Chinese enterprises are low cultural level, so why do we have any reason to reject new knowledge? Therefore, knowledge innovation is not only overlooked, but also need to improve and innovation.

(C) Mentality innovation

Tan Xiaofang teacher suggested that every employee, old employees, managers must work like a new employee the first day in the company. He suggests all the employee frequently ask question from the all aspect of the enterprise. Remember that on the first day of our work, we asked a lot of questions - why did we do this? How do we make it happen? - what is its goal? What does it mean? But the longer we work in the unit, the harder it is to do this. The longer we are at work, the less we ask, and the more complacent we are. We all ask questions that are exploratory and listen more carefully, so that you can understand more deeply [10]. Then, we conduct in-depth analysis and research, will be able to find innovative ways to solve these problems. But in the staff innovation is not high enthusiasm, how to do this?

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