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# **Research on Problems and Countermeasures of Salary Management in Private Enterprises**

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**Abstract:** Private enterprises have made great progress in economic growth over the past few years and have become one of the driving forces of economic development. However, there has not been a significant improvement in compensation management, which has hindered private enterprises' development. Especially in the field of salary management, there are still many deficiencies and unscientific problems. The purpose of this paper is to find ways to solve the compensation problem of private enterprises and promote the development of these private enterprises.

**Keywords:** Human Resources; Private Enterprises; Compensation Management; Countermeasures

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## **1. Introduction**

In modern enterprises, human resources are an essential and vital factor, and now enterprises are more willing to accept and explore ways to find, retain and use talents. Direct and basic compensation management is very important as a catalyst for employees.

## **2. The problems existing in the current salary management of private enterprises**

### **2.1 Lack of strategic planning for compensation management**

Compensation management is an important level of private enterprise management. Compensation management provides employees with a degree of incentive to help companies attract and retain employees. The purpose is to help private enterprises achieve their ultimate strategic goals. Corporate strategy is a set of corporate strategies for its future operations and a comprehensive plan for its future.

However, some of our private enterprises often fail to realize this point. Companies instinctively plan their production and operations, but in designing their strategy, they rely on the judgment of market leaders. Compensation schemes are designed with no strategic features, believing that employees are not a long-term plan for future corporate growth. From a strategic point of view, compensation management is not considered as a long-term goal, thus hindering the realization of enterprise development goals. In addition, inefficient compensation management practices do not help to improve employees' potential and harm employees' enthusiasm.

### **2.2 Inequity in pay levels**

Another problem of salary management in private enterprises in recent years is that the salary gap between managers of private enterprises and ordinary employees is getting bigger and bigger. Such differences within an organization can lead to obvious dissatisfaction and new conflicts among other employees.

The salary of employees is usually decided by the business owner, who will negotiate with the candidates according to the specific situation and experience at the time, which is more arbitrary and difficult to maintain consistency. Therefore, the

salary of employees in private enterprises is often more chaotic. According to equity theory, people are not only worried about high or low pay levels, but also about pay differences within companies. Non-standard salary standards in private enterprises often cause a very strong sense of injustice among employees, which leads to the loss of motivation and the lack of enthusiasm for work.

## **2.3 Lack of scientific and perfect performance appraisal system**

First of all, there is still a lack of professional standards for the concept of compensation in many private enterprises, which is mainly reflected in the fact that the owner pays the corresponding compensation according to the actual contribution of employees to the enterprise, while the work level of employees is directly affected by the amount of compensation. The different ideas of the two sides cause the separation between private enterprises and employees. Secondly, many private enterprises have not established a reasonable and scientific performance appraisal system, which will lead to the salary distribution system without scientific evaluation basis.

At present, many private enterprises are still based on the traditional subjective performance appraisal method, and lack of quantitative and objective salary appraisal standards for employees, resulting in a significant decline in the fairness and rationality of the salary appraisal system as well as the function of motivating employees.

## **2.4 The welfare system is inadequate**

Welfare is an important part of the salary system of private enterprises, including various living subsidies, holiday welfare and so on. The purpose of welfare is to make employees' life more comfortable and richer and reduce their workload. A well-developed benefit system allows employees to know what benefits they receive now and clearly predict what benefits they will receive in the future.

Many private enterprises do not provide due employee welfare according to the law, for example, many private enterprises do not buy the corresponding five insurances and one housing fund for employees, do not pay attention to various holiday welfare or give less subsidies, reflecting the current private enterprise employee welfare system is not perfect, extensive management problems. The imperfect welfare system of private enterprises leads to the decrease of employees' sense of trust and security, which is not conducive to the stability of employees and the long-term development of private enterprises.

## **2.5 The imperfection of salary system**

External environment in the face of fierce competition, private enterprise's policymakers will only focus on the external market management, think external market operating efficiency is decided to the development of the key factors of private enterprises, but the lack of compensation system of private enterprise internal system, the long-term planning, private enterprise management confusion, reduced staff's work enthusiasm. The increase of internal staff turnover rate will also restrict the healthy development of private enterprises.

First of all, the unreasonable salary system reduces the attractiveness of employees and makes them unable to work at ease. Secondly, the permanent loss of employees is actually a loss to the future development of private companies, and the cost of recruitment, employment and training is also a large expenditure for private enterprises, which ultimately reduces the external competitiveness of private enterprises.

## **3. Private enterprises pay management problem solutions**

### **3.1 Adjust corporate strategic planning**

The strategic plan makes clear the strategic target of the operation and development of private enterprises. Considering this, the salary management of private enterprises is carried out according to the strategic planning as the development direction in practical work. With the growth and development of private enterprises, private enterprises plan their compensation management according to strategic objectives, and formulate and adjust the general direction and action plan of

compensation management according to internal and external market conditions and their possible changes. By formulating correct strategic planning, private enterprises adjust compensation management by constantly learning the knowledge and skills needed for survival and development. How important long-term strategic planning is to the compensation management of private enterprises.

### **3.2 Determine reasonable salary levels**

It is necessary for private enterprises to ensure the rationality of employee compensation, so it is very important to formulate and implement compensation management plans according to the actual situation and strategic goals of private enterprises. Based on various salary theories, private enterprises adjust the salary structure in flexible ways. Through the consultation of the management of private companies, the compensation standard is determined and other scientific standards are adjusted to make the salary difference between employees within a reasonable range. The employee compensation of private enterprises must be fair and specific.

At the same time, private enterprises should establish a systematic and scientific analysis and evaluation system to adjust the unscientific and reasonable salary level, and clarify the relative value and difference between different jobs.

### **3.3 Establish standard and effective salary system**

With the development of many private enterprises, they have gradually found a way to establish a reasonable salary system, but how to regulate these salary systems need to be solved by private enterprises. Establish a fair and transparent salary system, and make clear the form of salary payment and the proportion of salary. Only in this way can we ensure that we have enough energy to think and lead the development of private enterprises. At the same time, it can reduce the contradictions and conflicts within the company, improve the work efficiency of employees, form a good working atmosphere, and enhance the sense of trust between private enterprises and their employees.

### **3.4 Do well in employee welfare and subsidy work**

Welfare subsidy is the reward for employees' hard work, and it is also one of the key components of employees' compensation in private enterprises. Welfare subsidies are paid to encourage employees to treat the enterprise as their personal place at work, highlight the humanistic care of private enterprises and improve employees' working efficiency. No matter how many benefits, this is actually a private enterprise to the staff care and support performance.

Private enterprises need to establish a sound and perfect welfare subsidy system focusing on personal safety, pension and holiday subsidies. These welfare subsidies are often effective tools and key factors to retain employees in private enterprises. Effective benefits will reduce employee mobility, prevent brain drain, and strengthen the core and cohesion of private enterprises.

### **3.5 Implement a scientific and sound performance appraisal system**

Performance appraisal is one of the indispensable tools for salary management. Its existence is the premise of guaranteeing the application of scientific salary system. Performance appraisal refers to the regular inspection and evaluation of employees' work performance and the evaluation of employees' work behavior and professional skills through the job description of employees. The results of performance appraisal can be used as the basis for determining salary, and the quantity and quality of employees' work can be used as the basis for bonus policy, so as to establish an effective incentive system. The result of performance appraisal will directly affect the personal interests of many employees, such as salary adjustment, bonus and promotion.

## **4. Conclusion**

Private enterprises are an important force for the country's economic development and create a lot of jobs for many people. Therefore, good salary management is not only beneficial to private enterprises, but also important for the country to achieve a higher level of employment and maintain social stability. Private enterprises still need to constantly update the

concept, method and technology of modern compensation management, and establish a more competitive and challenging compensation management framework.

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