



Analysis and Countermeasures Research on the Salary Incentive Management Issues of ZZS Logistics Company

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ABSTRACT: Compensation incentive management is a pivotal component of human resource management in every enterprise. It serves not only as a vehicle for traditional company production cost expenditures but also as a crucial element in the management of the company's human resource development strategy. By establishing a fair, equitable, and scientific compensation incentive system, not only can the company attract more talents, but it can also enhance the motivation of existing employees, thereby further improving the overall operational efficiency of the enterprise. This study examines the compensation management philosophy of ZZS Logistics Company, employing an on-site investigation approach. The study focuses on four dimensions of incentive-based compensation: performance-based wages, bonus systems, welfare benefits, and talent acquisition. A comprehensive survey of the company's current compensation incentive system has been conducted, identifying shortcomings and proposing strategies for the company's consideration.

KEYWORDS: Employee motivation; Compensation and incentive management; Field research; Human resource management.

INTRODUCTION

1.1 Research Background

In the current era, enterprises are bound to face fierce competition and challenges due to the rapid development of the market economy and advancements in market mechanisms. However, managers tend to prioritize the company's reputation while neglecting the rationality and scientific nature of the management system. The present research case, ZZS Logistics Company (ZZS, 2023), like many other companies, also faces the issue of coordinating employee compensation incentives.

Through this research on compensation management, it aims to effectively enhance the positive motivation of employees and ultimately promote sustainable organizational development. Therefore, the main objectives of this study are as follows:

- (1) Analyze and identify existing issues in the incentive system and compensation standards of incentive-based remuneration through extensive analysis.
- (2) Analyze the incentive methods and compensation standards adopted by the company, conduct an in-depth analysis of the existing problems, and based on this, provide effective recommendations to enhance the incentive system and promote sustainable development of the company.

This research endeavors to propose effective suggestions for this case, address performance management issues, and establish a compensation incentive management system based on market-economic orientation, thus facilitating rapid company growth.

1.2 The concept of remuneration incentive

Remuneration incentive refers to the balance between the structure, relationships, and evolutionary patterns within an organization. It serves as a concrete means to translate the company's development philosophy. By changing the compensation and reward methods, it aims to stimulate the enthusiasm of employees (Li, 2018). Remuneration incentive differs from traditional fixed salaries, as it is directly linked to employee contributions and performance, based on their job performance and the achievement of organizational goals. Specifically, remuneration incentives can take various forms, such as performance-based wages, bonus systems, stock options, and welfare benefits (Ma, 2020; Tie, 2022). For example, Zhuhai Gree Electric Appliances Inc. has a 7-tier incentive mechanism: Level 1 consists of a completely fixed base salary, while Levels 2 and 3 include commissions, performance bonuses, and team incentives to motivate managers and directors respectively. Levels 4, 5, 6, and 7 incorporate additional incentive mechanisms to ensure the long-term operation and development of the company (Gree, 2021).

Remuneration incentives and performance-based pay. Remuneration incentives must be based on informing employees in advance about profit-sharing plans. It is a clear method of using incentive wages to influence employees' future work behavior. On the other hand, performance-based pay focuses on paying salaries based on exceptional historical performance (Yin, 2004). The main difference lies in the fact that performance bonuses added to the base salary become a permanent fixed cost, while incentive bonuses are one-time payments and do not have a lasting impact. Incentive wages increase with performance improvement and decrease with performance decline.

In remuneration incentives, different needs must be met appropriately to better stimulate employee enthusiasm (Zhang & Xie, 2018). Supported by motivational theories, feasible solutions are proposed to address the current status and issues regarding employee incentives, aiming to improve the employee incentive system (Niu., & Liu, 2009). Remuneration management can have various impacts on enterprises (Wen, 2004), including motivating employees, controlling costs, and enhancing corporate image.

In summary, remuneration incentive management is a crucial aspect of human resources management in companies. Proper remuneration incentive management can promote steady development and long-term success.

METHODOLOGY

2.1 Study Subject

The present study selects "ZZS," the company in which the author works, as the focus of research. Established in 1999, ZZS primarily caters to the transportation needs of larger items, such as household appliances, furniture, and means of transportation, by providing integrated supply chain solutions through their convenient service platform. (ZZS, 2023)

ZZS has consistently emphasized green development and conducts research and practical operations in areas such as design, packaging, transportation, warehousing, recycling, and ecology. They strive to create a green service system that encompasses the entire supply chain, while implementing the "Dual-Ball Strategy." Furthermore, ZZS has always been committed to fulfilling its corporate social responsibility. When faced with various natural disasters and major crises, ZZS actively utilizes its own advantageous resources to contribute to disaster relief efforts, epidemic control, and other forms of support, demonstrating the warmth of their brand through actions. (Pang, 2023)

2.2 Research Tools

This study extensively reviewed a large number of master's and doctoral theses, as well as online literature on the theory of incentive systems for compensation, through platforms such as CNKI, VIP, and Baidu. Additionally, fieldwork was conducted.

Fieldwork: Fieldwork is conducted to gain firsthand understanding of the real occurrences of people, events, time, location, and objects at the research site. It involves direct observation and participation in order to investigate and comprehend the phenomena related to the research topic. During the fieldwork process, characteristic phenomena relevant to the research topic are observed, summarized, analyzed, and categorized, resulting in a practical understanding of the research subject (Chen, 2008). The location of the research subjects influenced the variation in the themes investigated. Especially when it comes to human observation, careful consideration should be given to the design of the observational work, avoiding observer bias or overly theoretical phenomena (Chen, 2008), in order to mitigate the risks associated with overly idealized incentive and compensation activities.

Research Design: The researcher took advantage of the opportunity for on-site fieldwork at RiRiShun Company. In terms of research design, the key aspects of the fieldwork were referenced from Ma Ying's (2020) research on incentive systems, which includes five dimensions of incentive compensation: performance-based wages, bonus systems, stock options, benefits, and talent attraction (Tie, 2022). These dimensions were selected in conjunction with the development of the research topic. Due to the small scale of this case, the implementation of stock options as an incentive scheme has not yet been carried out. Therefore, the "stock options" dimension was excluded from the selection of fieldwork dimensions, with the main focus of the fieldwork being on the dimensions of performance-based wages (I), bonus systems (II), benefits (III), and talent attraction (IV) (as shown in Table 1).

Table 1: Field Investigation Topics and Methods

Investigation Topics	Code	Investigation Methods	Code
Performance-based remuneration	I	Company documents Company meetings	DC1 MT1

Bonus scheme	II	Supervisor's speeches	AN1
		Company training	TN1
Welfare benefits	III	Dialogue among supervisors	MG
		Internal bulletin board	LB
		Colleague dialogue	CD
Talent acquisition	IV	Interviews and related discussions	OT

RESULTS OF EMPLOYEE COMPENSATION INCENTIVE INVESTIGATION

This study conducted an in-depth field investigation on the issue of compensation incentive management in this case. As shown in Table 1, the investigation items (I), (II), (III), and (IV) were developed specifically for this research topic. Through investigation methods such as (DC1), (MT1), (AN1), (TN1), (MG), (LB), (CD), and (OT), thematic and focused investigations were conducted on the key aspects (people, events, time, location, objects). The collected data from these investigations were recorded in a structured manner, and then compiled, analyzed, and summarized. The investigation records were coded (see Table 2 for investigation records). The analysis of the current state of employee compensation incentives investigation data is provided as follows:

Table 2: Research Investigation Log

Item	Examination Record	Location
I	While organizing company-related documents, I came across the criteria for assessing employee performance. The company rewards employees with prizes when production targets are achieved. (DC1A)	DC1
	During a conversation with colleagues, opinions were expressed regarding the bonus system. Some felt that the set targets were excessively high and did not align with their actual work capabilities, making it challenging to have an opportunity to receive a bonus. (CD1)	CD
	During an employee training session, department supervisors share information about the company's bonus system to motivate employees in their work. (TN1A)	TN1
	As part of the safety assessment, the company internally recognizes department supervisors and team leaders with cash rewards. (LB1)	LB
II	Subsidies for meals are given to employees as an additional reward during lunch or dinner. (LB2)	LB
	During internal department meetings, department supervisors inform employees about the company's bonus system. (AN1A)	AN1
	Performance rewards are typically given in the form of prizes rather than an increase in salary. (CD2)	CD
	Some colleagues have complained that the rewards for meeting production targets are meager, sometimes just a bottle of beverage and a small snack. (CD3)	CD
III	For being up to five minutes late, a deduction of 10 units is made, whereas exceeding five minutes results in a deduction of fifty units. (DC2A)	DC2
	Colleagues have complained that being a few minutes late leads to a deduction of half of their daily wages. Since our wages are calculated on a daily basis, this practice feels excessively harsh. (CD4)	CD
	The company generally provides employees with various benefits, including holidays, meal allowances, and heat subsidies. (MT1A)	MT1
	If an employee fails to report their meals to the company, they will be compensated. (LB1)	LB
IV	Department supervisors strive to secure benefits for their respective employees, such as improving rest areas and creating a better environment for relaxation. (MG1)	MG
	The CEO mentioned that the company attracts and retains talent through incentive measures such as increasing remuneration, altering working conditions, offering training, and providing development opportunities. (OT1)	OT
	Recruitment of personnel is conducted through the company's official website, social media platforms, and career fairs. (OT2)	OT
	When hiring new employees, emphasis is placed on relevant work experience. (OT3)	OT

Data Source: This Study.

3.1 Employee Remuneration and Performance Benefits (I)

The salary level, calculated based on the average salary across all departments, is approximately 5,000 RMB (FIM1), placing it at a moderate level compared to national wage standards. In reality, the calculation should consider the nature of work within each department, as the amount of salary varies depending on the job content. If the job content is the same, it is necessary to compare the number of working days and working hours, adhering to the principle of "the more effort, the greater the reward." Regarding performance benefits: typically, when a department achieves the production targets set by the company, the employees in that department are rewarded (DC1). However, it is important for the company to consider the employees' basic needs when enhancing performance benefits, such as their working hours, actual work conditions, and paying attention to their feedback on their work (FIM2D). Only by doing so can the company truly care for its employees and provide them with a sense of fulfillment.

3.2 Incentive System (II)

The department supervisors explain the company's incentive system to each new employee, ensuring that every employee has a clear understanding of it, in order to enhance their motivation (TN1A). This also creates higher expectations for the new employees regarding their job responsibilities and helps to maintain the motivation of the existing employees towards achieving incentive targets. A well-designed incentive system can assist the company in attracting and retaining exceptional talent. However, through conversations with colleagues, this study has revealed that the performance rewards given to employees by the company are usually in the form of prizes (CD2), and the quantity and value of these prizes are relatively low, such as a bottle of beverage or snacks (CD3).

3.3 Employee Benefits (III)

Employee benefits include annual leave, statutory holidays, maternity leave, and paternity leave for women. Subsidies typically include meal allowances and heat allowances (MT1A). Regarding meal allowances, the company has regulations to provide subsidies to employees who do not eat meals at the company (LB1), but these subsidies are far below the employees' expectations, leading to dissatisfaction with the existing welfare system. Additionally, each department supervisor strives to obtain as many benefits as possible for their department's employees. For example, each department has a rest area for employees to have lunch and rest, and the department supervisor will apply for funds from higher-level leaders to improve the environment of the rest area and provide employees with a better resting environment (MG1).

3.4 Talent Attraction (IV)

Through communication with the general manager, it was learned that there are measures in place to attract talent in this case, such as offering competitive compensation and benefits, including medical insurance, retirement plans, and paid leave (CD1). Actively promoting the company's image and culture through social media and other channels, and establishing connections with potential candidates to enhance the company's brand awareness (OT2). The company tends to prefer hiring employees with relevant work experience in order to reduce the cost of training new employees and minimize the impact of talent turnover on the overall production and operation of the company.

ISSUES WITH THE EMPLOYEE INCENTIVE SYSTEM

4.1 Unreasonable Formulation of Performance Assessment Criteria (I)

Formulating assessment criteria can provide employees with a clearer understanding of work objectives and requirements, enabling them to work more effectively. Through performance evaluations, employees' work can be assessed, feedback can be provided, and incentives such as rewards and penalties can be utilized to actively enhance work performance. Additionally, this approach can identify high-performing employees and further optimize the talent structure within the organization. However, when assessment criteria are unreasonable, such as setting excessively high standards (CD1), most employees feel unable to meet the targets. This can lead to a loss of motivation, internal competition, and conflicts of interest among employees, ultimately impacting teamwork and overall efficiency. While setting stringent standards may bring greater economic benefits to the company (FIM2A), such as reducing wage costs and increasing employees' service hours, it also has its drawbacks. Excessive working hours can lower employee productivity, reduce job satisfaction, and diminish overall motivation (FIM2B).

4.2 Low Standards of Bonus System (II)

Bonuses play a crucial role in influencing employee dedication to their work. However, it is important to note that the primary objective behind the company's provision of bonuses to employees is to support its operations and align with its strategic needs. During internal meetings, employees are often briefed on the company's bonus system by their superiors (AN1A), ensuring clarity and understanding. The company recognizes and acknowledges employees through additional meals, rewards, and cash incentives (LB1; LB2; CD2). Nevertheless, the actual impact of these rewards on motivating

employees falls short of the desired outcome. This is primarily because employees find the received rewards unsatisfactory (CD3; FIM3) and may even express their discontent.

4.3 Insufficient Humanization of Welfare Standards (III)

Providing employees with favorable welfare benefits can enhance their sense of happiness and belonging, thereby improving their satisfaction and loyalty. It can also motivate employees to work harder, boosting morale and work efficiency. However, it is advisable to avoid offering excessively low welfare benefits to employees, as it may fail to achieve the intended purpose. Instead, it could potentially lead to a lack of motivation, dissatisfaction, or resistance towards work, ultimately impacting morale and productivity.

4.4 High Requirements for Employee Recruitment (IV)

There are various methods for recruiting employees, allowing the company to have more opportunities to connect with exceptional talents. However, if the requirement for relevant work experience is not slightly relaxed, it can result in talent attrition. Moreover, inadequate benefits offered by the company may lead to an increase in employee turnover rate, thereby increasing the organization's costs in terms of personnel and training. It can also make it challenging to attract and retain exceptional talents, hampering the optimization of the company's talent structure and impacting its long-term competitiveness.

RECOMMENDATIONS FOR AN INCENTIVE COMPENSATION PLAN

5.1 Establishing Reasonable Performance Evaluation Criteria (I)

Creating reasonable performance evaluation criteria is a challenging task that requires considering various factors, such as the company's profitability and employees' actual capabilities. Setting clear performance evaluation criteria can be approached from the following perspectives: defining explicit goals, where the company should articulate the requirements of work objectives and translate them into specific performance evaluation standards; ensuring fairness, as performance evaluation criteria should be objective, fair, and scientific, free from the subjective influence of superiors. Unfair criteria can negatively impact employees' work enthusiasm (Wang, 2021); providing timely feedback by promptly communicating performance results to employees, enabling them to understand their performance outcomes (Royes, 2015). In addressing the issues related to performance-based wage management in this particular case, it is crucial to consider the company's development status and employees' actual capabilities when setting standards. Setting reasonable performance evaluation criteria can effectively motivate employees' enthusiasm and drive, identify their strengths and weaknesses through evaluations, and design appropriate training plans to enhance their job capabilities.

5.2 Standardizing the Bonus System (II)

To address the problems in the current bonus system, it is advisable to raise the level of rewards appropriately to increase employee satisfaction. Additionally, the bonus system can be standardized through the following approaches: ensuring objectivity, fairness, and equity in the bonus system, providing differentiated treatment for different employees and departments, and making the reward methods and criteria transparent and clear; offering more generous bonuses to high-performing employees to enhance their work efficiency and quality, rather than uniformly rewarding employees in different award levels with the same prizes; ensuring the sustainability of the bonus system to prevent it from becoming the primary source of employees' psychological expectations. A well-designed bonus system can incentivize employees, enhance their satisfaction, encourage their loyalty to the company, and help identify more exceptional talents, thus strengthening the company's talent pool (Milkovich & Wigdor, 1991).

5.3 Enhancing Employee Benefits (III)

To address the current issues regarding employee benefits in this case, the company can appropriately elevate the level of these benefits, demonstrating genuine concern for its employees. Additionally, the optimization of employee benefits can be achieved through several aspects (Li, 2013). For instance, offering reasonable compensation levels by developing differentiated salary policies based on employees' job positions, qualifications, and performance. Apart from basic social insurance and welfare, additional benefits can be provided. Furthermore, providing employees with more training opportunities to enhance their job skills, rather than solely relying on rewards in the form of prizes, would be beneficial. It is also important to establish clear rewards and penalties. While penalties can be imposed for lateness or early departure, positive work behaviors such as overtime should be appropriately rewarded, avoiding a punitive-only approach (FIM4). Implementing good employee benefits contributes to attracting exceptional talent, optimizing the workforce structure, and improving employee satisfaction (Bi, 2016). Moreover, it serves as motivation for employees to work harder and can even enhance the company's image and reputation.

5.4 Relaxing Talent Recruitment Requirements Appropriately (IV)

As a company's foundation lies in its people, its survival and development heavily rely on them. While setting high recruitment requirements may bring numerous benefits such as improved work efficiency and reduced impact from the mismatch between new and existing employees (Du, 2019), overly stringent requirements can make it difficult to quickly find suitable talent, leading to talent loss. In the context of this case, it may be appropriate to slightly relax the recruitment requirements that demand relevant experience. For instance, setting a learning period for newly hired employees and providing them with training and development opportunities would facilitate the recruitment process and uncover potential exceptional talents.

CONCLUSION

Formulating a fair, motivational, competitive, and cost-effective compensation incentive system is a highly challenging task, encompassing various considerations such as the company's profitability, organizational structure, employee count, job nature, and job requirements, among others. A comprehensive understanding of the requirements of each job function is essential for effective job evaluation. Analyzing this work provides valuable information for the company, serving as a strong basis for developing a sound compensation incentive system that enhances employee satisfaction (Wang & Zhu, 2009). Additionally, adjusting salary and benefit policies based on statistical analysis results is crucial for internal competitiveness and compensation fairness within the company (Li & Yang, 2006). Setting a fair baseline is imperative when formulating a compensation system; lacking fairness can lead to employee dissatisfaction, potential conflicts among employees, and ultimately impact the company itself. Moreover, when employees perceive their rewards as equitable, they feel respected in their respective positions (Gao., Zhang, & Yang, 2020), which in turn motivates them in their work. Linking wages to performance is a fundamental principle of an effective incentive system, and a good incentive system should be characterized by fairness (Xu, 2006).

To achieve high-quality company development, it is necessary to establish an effective compensation incentive management system and ensure its effectiveness. This can be achieved through market surveys and internal employee surveys to gather information. Some small businesses often conduct rudimentary reviews, which can reduce employee motivation. For example, knowledge workers prefer to utilize their skills, showcase their talents, and receive societal recognition, rather than just receiving compensation (Li, 2019).

Some small and medium-sized enterprises have implemented performance evaluation systems, but the results have been unsatisfactory due to a mismatch between performance evaluations and employees' actual abilities. Implementing a salary confidentiality mechanism can reduce conflicts arising from salary disparities among employees, but it may also lead to speculation among employees (Liu & Wang, 2019). In summary, the development of a reasonable and scientific compensation incentive management system is crucial for improving employee quality and performance. The compensation incentive system directly impacts the rewards that workers anticipate and indirectly influences the future of the organization. Establishing an incentive system that employees recognize as fair is a necessary path for the future development of the company. This study analyzes the compensation incentive mechanism of RRS employees and argues that managers should pay more attention to the compensation incentive management system of this particular case, fully realizing the importance of a scientific, fair, and effective compensation incentive management system for the long-term development of the company, as well as its impact on the organization (Zhang., & Bi, 2018).

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