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Application of the effective incentive measures for knowledge employee performance in small and medium modern enterprises management in China

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ABSTRACT

The objective of this study is to analyze the effect of incentive measures for knowledge employee performance in China. Indicators of incentive use theory were selected, and the case study was adopted to establish the success model for simulation experiment. The results show that using effective incentive measures for knowledge employee performance in modern enterprise in China can increase quality of human resources, and development of company competition. The analysis based on the traditional concept of performance, from the perspective of the stakeholders define the knowledge-based employee performance, summarized the effect factors of knowledge employee performance, proposed considerations and suggestions to improvement of incentive theory application in China, especially in small and medium enterprises in China.

KEYWORDS

Incentive measure; Knowledge employee; Performance management; Modern enterprise.



INTRODUCTION

21st century is the era of the knowledge-based on economy, under the tide of knowledge economy, enterprise production factors, production organization, information transmission and exchange, and people's ideological concepts has been changed^[1]. The focus of management will shift from material resource management to human resource management, knowledge will become a competitive basis. People are becoming more deeply felt the importance of knowledge and its impact on a huge role in promoting economic growth. As Drucker has said, the knowledge will replace the natural resources, financial capital, etc., and become the most important resource. Therefore, competition of small and medium modern enterprise is the competition of knowledge resources and also is the human resource competition. Modern manufacturing is gradually transition to a knowledge-intensive, extensive penetration of information technology and the new requirements for the laborers, making a labor who do the traditional, simple and low value-added difficult to become the main force to enhance enterprise competitiveness and promote enterprise modernization. While the number of knowledge employee and the quality is increasingly becoming the focus of attention. How can stimulate knowledge employee creativity, tap the potential of knowledge employees, enhancing the efficiency of the organization, are all important issues of modern enterprises^[2]. Incentive is as an important method for the development and management of knowledge employee performance to be used in the more and more small and medium enterprises. It can explain why people at work behave in the way they do in terms of their efforts and the directions they are taking. All the enterprises are concerned with what should be done to achieve sustained high levels of performance through people. Therefore, it is necessary to research and analyses some relevant theories in the human behavior. Introduce incentive mechanism not only modernization management of enterprise, also one way to meet future challenges.

BACKGROUND AND PREVIOUS WORK

The explaining of the knowledge employee

Knowledge employee was firstly created by American scholar Peter Drucker, which refers to the person master and use symbol and concept, who use the knowledge or information for working^[3]. Obviously, knowledge employee refers to the man who engaged in manufacture, creation and expansion and application of knowledge activities for the enterprises to bring knowledge capital appreciation and take it as a major duty.

The characteristics of knowledge employee

Compare with Non-knowledge employee, knowledge employee has many particularity in many aspects, for example, personal qualities, values, psychological needs and behavior, etc.

They have a highly creative and autonomous independence. Creative power is the important features of the knowledge employee. Their work is not the easy and repetitive, but gives the full play to their individual ability to prepare the anything to happen to promo the development of technique in a changeable and uncertain system, and their importance is reflected in the knowledge that they have the ability to be useful innovation. In addition, knowledge workers prefer to have a more independent work environment, they are not only unwilling to chained down to matter, and even intolerable distant superiors remote command, they are more emphasis the self-directed, self-management and control in work.

They have the corresponding techniques and higher human capital content. Most knowledge workers received systematic professional education, with higher education and have a certain amount of professional knowledge and skills. Due to higher levels of education, most knowledge workers with high personal qualities, such as the broad vision, strong thirst for knowledge, strong learning ability, extensive knowledge of the level of literacy and other capacities^[4].

They have a strong desire to achieve self-worth, attaches great importance to achievement motivation and mental stimulation. Knowledge employee usually has higher level of demand, with a

strong desire to achieve self-worth. They difficult to meet the general work and more interested in challenging creative task, eager to the results of the work, expect from their work get a lot of internal satisfaction. Relatively speaking, money and promotion and other traditional incentives are relegated to secondary status.

Knowledge employee performance and its influencing factors

As we all know, in a knowledge economic era, enterprise provide a high, abundant and personalized service, knowledge employee is the core to increase their competitiveness of corporation during the process, meanwhile knowledge employee shall take the realization of their value as the goal. We can find three main related parts: customers, businesses and knowledge employee definition: a knowledge employee performance is a process to create customer, enterprises and the value of its own staff to use their ability to achieve a specific role.

There are many factors affecting performance, it can be summarized in two parts, one is the personal factors, and the other one is the organizational factors^[5]. Personal factors are mainly including: work motivation. Behavior is needed to generate incentive, job motivation affect job performance and motivation provide energy. In other words, motivation can lead to work hard, affect job performance to a certain extent; knowledge and skills. Abilities, skills and knowledge are shown by physical and mental characteristics of employee. Abilities, skills are the most important for knowledge employee performance; level of effort. In general, the effort level of knowledge employee by many factors, including wages, promotion, recognition, recognition, achievement, honor and reward their work-related satisfaction etc. organizational factors. It mainly includes: opportunities. Knowledge employee the make a point of individual growth, so as long as give them the opportunity to show talents and learn new knowledge, they will work hard to improve their performance; Excitation. It is to meet the needs of employees to let them work hard to achieve organizational goals in the process. Incentives will affect a person's level of effort, and thus affect the individual job performance; work environment factors. Work environment can be a working atmosphere, it can be a office environments and light conditions etc. Improving environmental factors can affect personal ability and responsibility which can improve their job performance.

Incentive theories application in China

The incentive theory is the generalization and summation of the laws, principles, mechanisms and methods, is the basic function in the management activities. Since the early of 20th century, managers, psychologists and sociologists focus on how to inspire people issue with different perspective study and made a lot of encouragement theories^[6]. Meanwhile, there are categorization and classification of these theories from different angles. As the representatives, Douglas McGregor and Taylor stressed that economic man and simply through money to stimulate the incentive view, and opened the prelude to the incentive theory research. From now on, there has more mature and system incentive theories. On the current enterprise management, there are three mainly types widely used: content theory of incentive, process theory of incentive and behavior modification of incentive theory. Content incentive theory focus on the reasons and causes of incentive to start study the general law of development of human psychology and behavior, which means every person has need and desire to meet these requirements, and satisfy the requirement is to meet to mobilizing people's initiative. It consists of Maslow's hierarchy of needs theory, Herzberg's double factors theory and David Mc Clelland's achievement incentive theory. Process incentive theory is start from the incentive process to research incentive formation and behavior choice of goals. It includes V. H. Vroom's expectation theory, J. S. Adama's equity theory, E. A. Locke's goal setting theory. Behavior modification incentive theory is including strengthening theory, frustration theory and attribution theory.

In China, the incentive application in the enterprise is latter than western. According to the research of China small and medium modern enterprises knowledge employee management, we can see that the domestic incentive issue mainly focus on how to incentive employees and discuss how to establish effective incentive mechanism and research in China. The major research works are includes:

The establishment of a new incentive mechanism and comprehensive study of the application of incentive by Zhang Shengliang. It is mentioned that build a new incentive mechanism proposed from organization, enterprise culture and leadership changes in different aspects. They are includes: The discussion on the application of the incentive theory in enterprise management by Bai Haiquan & Zhang Wencai, it is proposed the staff motivation scheme of centralized punishment, respect, an example, Staff motivation manual by Xu Chengfu. Put forward a more comprehensive staff motivation scheme.

Specific incentive theories in China

Facts have proved that the incentive theory only apply to the practice can play an important guiding role in the management. According to the study of incentive theories, combined with the specific conditions of China's modern enterprise management, there are two main theories are more extensive to use today.

Maslow's hierarchy of needs theory

Maslow mentioned the hierarchy of needs theory was from the book: the theory of human motivation in 1943. Put forward the theory start from the human needs. He said that human beings are needs animals, not only economic needs, also social demand. Man's need is the purpose and motives of their work. He believes that the strength of human needs is not equal. He divided into five incentives of people from low to high, forming the ladder is shown in Figure 1.

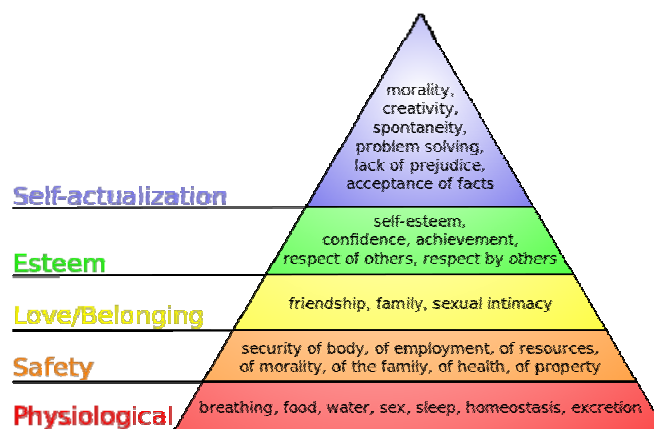


Figure 1 : Maslow's Hierarchy of Needs

Incentive mechanism design of prerequisite is to meet the needs of staff so as to arouse the enthusiasm of the staff. Maslow's hierarchy pointed out that there are five demands, but each of demand is depend on the different person. Therefore, it is necessary to design various forms of external rewards and punishments and design of excitation characteristic, forming an inducible factor collection to meet the individual needs of different levels.

Goal setting theory

The American psychology professor Locke on 1967 proposed the goal setting theory, he pointed out that external stimulus award, communication and supervision of pressure effect of incentive through goal, and the goal is more clear, more difficult to reach, the achievements are more large. He also pointed out that if employee does not quite understand the development goals of the organization and his duties, and work objectives that will greatly reduce the incentive force to the employee. A few years after, in 1990, Locke and another researcher Dr Gray Latham published their seminal work, "A theory of goal setting and task performance". In the book, they reinforced the need to set specific and difficult goals. Target setting should have SMART principle that is, specific, measurable, achievable, realistic, and time. It is shown in Figure 2.

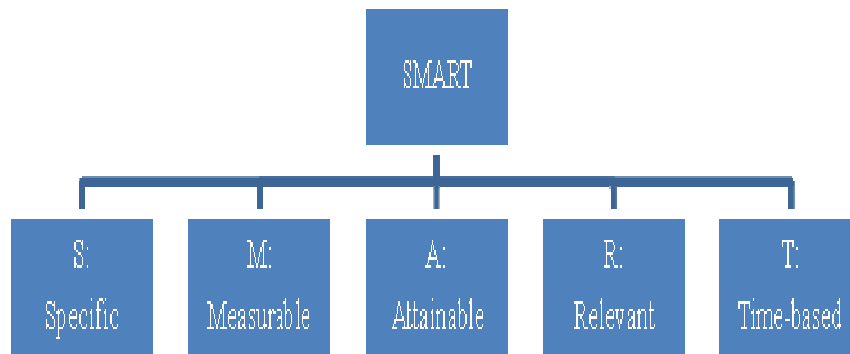


Figure 2 : SMART principle

Goal setting management of application is widely used in modern enterprises and the theoretical basis is from goal setting theory. The goal setting management is the core centre stressed that organization join together to formulating specific and feasible target. The design of target management objective is making top-down or bottom-up set, the two process of integrating, making every employee has a clear and feasible targets are closely with departments or organizations objectives.

RESEARCH METHODOLOGY

Introduction

I drew on methodology part, which is introduce what methods be used to gather information about incentive measures in pursuit of answers to research questions. This proposal is equivalent to the suggestion: what is good for the practice is good for research. I put forward an explanation of my understanding of research and reflection, and a justification for using them. I discuss the methodology used in this study, and then, I discuss the methods used in this research. My intentions are to describe methods of collecting data and data analysis and discuss their advantages and disadvantages. I choose the case study method to analyses the incentive measures in modern enterprise management in China. Around the case study to analysis method is introduce a rational use for qualitative methodology. The research method is inductive method, which is using the particular cases inductive the general thinking^[6]. And the research methods are around the research questions to collection and analysis. Include the data analysis and collection.

Research objective

It focuses on research questions to analyse and discuss the topic content about incentive measures application for knowledge employee performance in modern enterprise management in China. There are three questions need to pay attention to: definition of knowledge employee and incentive measures, how to use them. Give the examples to analyse the particular cases study of enterprise in China. Around the case study, using the appropriate methods and developing questions and assessing resource needs. In this report, the data base from books, internet and company annual report, which belong to the secondary data method; I use the case study, which means the thinking proceeds from a specific case to the general, which belong to the inductive method of research^[7]; and qualitative research approach is appropriate for a study in incentive measures research.

The research methodology of study design

I choose secondary data collection method to collect data from the case company. Because the secondary data is availability, relevance, accuracy and sufficiency when I catch the database information from the company case study. This is the evaluation of the secondary data and also is the reason I used it. My contention is that qualitative research approach is appropriate for a study in incentive measures research. It has the potential for generating new theories and ideas and is therefore particularly applicable to my study. I have collected qualitative data in the form of transcripts and descriptions while at the same time I have also collected data that can be measured and represented in numbers. I choose

use case study methodology in this report, because of this is a flexibility type to focus on specific and interesting case in my topic. Above all, I use qualitative, inductive methods and secondary data in this report. Through the case study, I focus on interesting questions to analyses the particular enterprises in China. It is close the real like, using the research method deeply understand the incentive measures used in the enterprise of China through written report.

CASE STUDY ANALYSIS

According to the background study, we know that there have varies argument opinions about incentive measures application in the real world of different times, and also through the research method analysis, we experience and research questions which were mentioned from the introduction, which this part will talk about the result that I found.

In this part, I will talk about the application of incentive measures in enterprises of China. It will answer the research questions about how to use incentive theory. In this case, I will use case study to discuss the success case in China.

Enterprise background and incentive present situation

Schinler Technology group is high-tech private enterprise which is put scientific research, production and sales together. The mainly engaged in family kitchen range products development, production and sales and a series of research and development of new energy. In the same time, dealing with car trade, services, real estate development. The group headquarters set up in Xiangtan city at present. Owned eight wholly owned subsidiary, has three industrial parks, 720 mu covering area, output value over 800 million Yuan, annual sales of nearly 1 billion Yuan, has employs more than 2000 people, with an annual production capacity of more than 8 million Tai^[8].

Achievement

Through the Schinler Technology group employee, especially the knowledge employee, incentive analysis of current situation, we can see that in the recent years, it is actually has made some certain achievements. These achievements are include: Build up more justified, validity incentive system and keep balance of incentive and constraint, Pay attention to spiritual incentive measurement, Creating the suitable enterprise culture.

The incentive measures improve the performance of knowledge employee

Emotion incentive method for knowledge employee performance

Emotion incentive which means pay more attention to employee's emotion, like a family do. This emotional incentive must be established on the basis of the respect and trust to employee, and then can make it work and accept by employees. There is not just exist interest of the community, also it has emotional community between employer and employee. People living and working in the warmth big family, will bring into fully passion to the business.

Pay attention to the training of knowledge workers

Schinler Technology Group training incentive character is through the training opportunity and condition, increase the quality of employee, stimulate their creativity ability. For example, new employees to join the Schinler Technology Group 9 month experience training, managers and technical personal to train once every 3 to 5 years. In China, most of the foreign-funded enterprises often send 10% to 15% key professional and technical staff to overseas for study, short-term training. In recent years, a few well-know big enterprises in China have implemented similar training system to motivate staff.

Occupation incentive

The basic approach is make the staff personal career design, and provided certain criteria, such as technical projects granted to employees, and employee makes joint efforts to promote the implementation of his career development plan. For example, Schinler Technology Group makes the

career ladder to employees. Detailed planning a college student from company to become a general staff, and step by step promotion process, make people feel that individual career development prospect.

Knowledge works have a significant impact on motivation factors include four aspects: job autonomy, business success, personal growth, money and wealth. Further empirical research identified four key motivators extent, as shown in TABLE 4.1^[9]. So money incentives should not be a major for knowledge workers, it should focus on their achievements and developments. In addition, according to the theory of demand, different people have different needs at different stages, so enterprises should make the best incentive to develop solution to knowledge employee in different needs at different times.

TABLE 1 : The Research of Knowledge Staff Incentive Factors

Incentive Factors	Percentage	Preference
Personal Growth	33.74%	Accelerated Growth
Job Autonomy	50.51%	Work Freely under Certain Condition
Business Success	28.69%	Very High
Money and Wealth	7.07%	Take Wages and Allowances as Rewards of Individual Effort

CONCLUSIONS

In the world today, with the further development of world economic globalization and the arrival of the era of knowledge economy, the discretion of level of science and technology has become a very important factor which can decide an organization's competitive position. Besides, the quality and vitality of employees have become the basic motive for an organization to keep sustainable development. <http://dict.youdao.com/search?le=eng&q=%E6%A0%B9%E6%9C%AC%E5%8A%A8%E5%8A%9B&tab=&keyfrom=dict.top> - # Human resource is the strategic resources of modern organizations, and the key factor to the survival and the growth of organizations.

So successful organizations pay more attention to stimulate the enthusiasm and creativity of their employees, spend more time and energy in stimulating them to reach their full potential, and regard the motivation of employees as a magic weapon for their sustain development. Effective motivation of employees of organizations can encourage their employees with continuous innovation and passion, and make them give full play to their abilities and make best work performance, contributing to the organization long-term development goal realization.

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