

# Research on the Impact of Salary Benefit on Employee Stability

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**Abstract.** With the continuous development of the times, the scale of enterprises is getting bigger and bigger, and the difficulty in personnel management and business management has increased. The large number of staff turnover is the major problem, which will directly lead to insufficient staff stability. Salary and benefits are often an important factor affecting the stability of employees. This paper will take the issue of corporate compensation and benefits as a research entry point, then give a brief overview of compensation and benefits, after that, it explore the effect of compensation and benefits on employees, and further study the impact and effect of compensation factors on employee stability are given. Finally, feasible measures to improve the stability of employees through compensation and welfare management are proposed.

## 1. Introduction

China's fast-growing economic environment provides workers with sufficient employment opportunities, but the issue of labor employment stability is still a growing concern of society. As a very important incentive, salary and benefits play an important role in promoting employees' organizational goals and attracting and retaining some qualified and competitive employees in the increasingly competitive knowledge economy. However, most of China's current salary and welfare have serious shortcomings: low overall salary level, unreasonable salary structure, short-term benefits, lack of internal stability, etc., making domestic enterprises in a weak position in competition with foreign-funded enterprises.

Through domestic and international literature summarization, we find the number of documents that taking pay and benefits as an entry point while focusing on the impact of compensation and benefits on employee stability is rare. Therefore, it is very important to conduct an in-depth study of the impact of compensation and benefits on employee stability. According to the above research ideas, this paper is divided into the following four parts: Firstly, the definition of salary and benefits is given from the two perspectives of traditional concepts and accounting standards. Secondly, the effect of salary and benefits on employees is discussed. Next, the impact and effect of salary factors on employee stability are further studied. Then put forward feasible measures to improve the stability of employees through compensation and benefits management, and finally summarize the full text.

## 2. What is Salary and Welfare?

### 2.1 Traditional Concept of Compensation and Benefits

Traditional compensation benefits include both compensation and benefits. Salary is the form of compensation that employees receive for providing services to their organization. Narrow salary refers to money and the reward that can be converted into money. In addition to the narrow salary, the broad salary includes the satisfaction of various non-monetary forms obtained. Employee benefits are a type of compensation paid to employees in non-cash form. Employee benefits can be divided into two categories: statutory benefits and company benefits. Employee benefits include: supplementary pension, medical care, housing, life insurance, accident insurance, property insurance, paid vacation,

free lunch, shuttle bus, employee entertainment, leisure travel, etc.

## **2.2 The Definition of Compensation and Benefits in Modern Accounting Standards**

According to the “Accounting Standards for Business Enterprises - Basic Standards”, the Ministry of Finance revised and issued the “Accounting Standards for Business Enterprises No. 9 - Employees' Compensation” on January 27, 2014 (Accounting [2014] No. 8). The definition of employee compensation in the “Accounting Standards for Business Enterprises No. 9 - Employees' Compensation” is a broad concept, among them, employee compensation includes employee benefits, which is different from the traditional salary and welfare concept in terms of compensation and benefits. The specific definitions are as follows:

Employee compensation refers to various forms of remuneration or compensation provided by an enterprise to obtain services provided by employees or to terminate labor relations. Employee benefits include short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the enterprise to the employee's spouse, children, dependents, deceased employee survivors and other beneficiaries are also employee benefits. Short-term remuneration refers to the employee remuneration that the enterprise needs to pay in full within the 12 months after the end of the annual reporting period for the employees to provide related services, except for compensation for the termination of labor relations with employees. Post-employment benefits refer to various forms of remuneration and benefits provided by an enterprise after it has been retired or terminated from the enterprise in order to obtain services provided by the employee, except for short-term remuneration and termination benefits. Dismissal benefits refer to the compensation that the enterprise cancels the labor relationship with the employees before the employee's labor contract expires, or the employees are encouraged to accept the voluntary reduction. Other long-term employee benefits refer to all employee benefits except short-term compensation, post-employment benefits, and termination benefits, including long-term paid absences, long-term disability benefits, and long-term profit-sharing plans.

## **3. The Effect of Compensation and Benefits on Employees**

### **3.1 Reasonable Design of Compensation and Benefits can Improve Employee Stability**

The formulation of corporate compensation and benefits has a crucial impact on the stability of employees' work. The combination of employee performance appraisal mechanism and salary and welfare system can strengthen the work responsibility of enterprise employees and help the stable development of enterprises [1]. A rationalized compensation system can also provide some help for the development of human resources. It is worth noting that the purpose of distributing benefits to staff members at regular intervals is to show the concern of the company to the staff and to promote the continuous progress of the work and quality of the staff. We can plan welfare measures such as paid vacations, regular gift distribution, supermarket cash card, five insurance and one gold, so that the staff feels the sincerity and peace of mind of the company, which will greatly reduce the turnover rate of staff and enhance the stability of employees' work.

### **3.2 Helps to Improve Employees' Work Status and Performance**

A fair and reasonable salary and welfare system can effectively promote and stimulate the enthusiasm of employees. The welfare system can enable employees to better understand the actual benefits brought by the compensation and welfare system [2]. The salary and welfare system is an effective way for enterprises to explore the potential of employees' work. After this system is improved, the sense of belonging of employees to enterprises will become an important part of corporate culture. After the employee's own work enthusiasm is improved, the overall employee quality of the company will be effectively improved in the long-term development process of the company. However, in order to achieve the expected results, we need to pay attention to three aspects: First, open and transparent compensation management is very important; second, the fairness of

compensation management is also a highlight of attracting talents; third, the core content of compensation management is salary distribution. It directly reflects the work performance and the importance of the employees of the company.

### **3.3 Appropriate Increase in Salary and Benefits is Conducive to the Recruitment of Talents**

Appropriate increase in salary and benefits can reflect the importance a company attaches to talents. Generally speaking, if the staff feels that the company's salary and benefits are small, they will understand that companies do not value themselves, then it will be easier to form a negative work attitude, which will lead to the idea of job-hopping. Moreover, the staff used the quality of the compensation and benefits issued by the enterprise to measure the value of their existence in the enterprise. The compensation and welfare system of the enterprise can fully display the value of the employees of the enterprise. In the case of too low corporate compensation and benefits, some staff would show negative work moods in their daily work. The rationalized salary and welfare system can fully mobilize the work initiative of employees, so that the core competitiveness of the human resources of the enterprise can be effectively improved on the basis of giving full play to its own value.

## **4. The Specific Impact of Compensation and Benefits on Employee Stability**

### **4.1 Remuneration and Welfare Policies need to be Reasonable and Fair**

If a company's salary and benefits are random and unfair, it will lead to psychological imbalance, mainly reflected in the unfairness between different departments, the unfairness between positions, the unfairness between new and old employees, and the unfairness between internal and market pay levels. If the planning of corporate compensation and benefits is still to maintain the old rigid plan, then the staff will choose to quit because they do not get the standards they expect [3]. Therefore, the company should make the compensation and welfare according to each individual's own situation. Reasonably add more human factors, such as the accommodation of staff members need to be resolved, when the work reaches a certain contribution, the benefits for them can be the conditions for solving their housing; the staff's family is more difficult, In the final payment of salary and benefits, you can be more funds. In this way, the standards of each staff member can be satisfied, and the humanization of the enterprise is also reflected, so that the safety and satisfaction of the staff to the enterprise will continue to increase to a certain extent, and the stability of the staff will be greatly increased.

### **4.2 Salary and Welfare Policy needs to be Transparent**

When the traditional enterprises pay compensation and benefits, according to the preference of the boss and the salary manager to develop employee benefits, it is easy to lead to confusion in management level, resulting in blind comparison, competition and unnecessary guessing among employees. The payment is very random. It is difficult to convince the public. Once the employee's compensation and welfare planning program has been questioned by the staff, it will result in a great compromise on the trust of the staff. This will easily cause the staff to feel unsettled and the stability of the staff will be threatened. In order to improve this situation, enterprises need to disclose the transparency of compensation and benefits in the process of setting compensation and benefits, and increase the payment details of compensation and benefits so that every staff member can find the specific content of salary and benefits. Once the staff's trust in the company is improved, the stability of the staff is guaranteed, so that the staff can fully devote themselves to the work and play a role in improving the efficiency of the enterprise.

### **4.3 The Salary and Welfare Distribution System should be Comprehensive**

In recent years, the management system of enterprises has been continuously improved. More

enterprises have adopted a modern enterprise management system, and the main content of their management has also become a system for encouraging employees' work attitudes. The main task in this system is to develop a comprehensive compensation and benefits distribution system, to achieve the salary and welfare standards expected by each staff member as much as possible. Once there is a deviation in the distribution, there may be staff dissatisfaction with the company. And the stability of employees is affected, causing unnecessary losses to the company. In the process of formulating the distribution system of compensation and benefits, the company must ensure that the overtime expenses and pension insurance of the staff are distributed within the prescribed time, so that the staff can realize the benefits of life brought by the company's salary and benefits [4]. Make the staff do more contributions to the enterprise with gratitude, then achieve their own value in the enterprise, and ultimately achieve the purpose of increasing corporate profits.

## **5. Compensation and Benefits Measures to Improve Employee Stability**

### **5.1 Provide Competitive Compensation Benefits**

Competitive compensation requires adequate market research, job evaluation, and internal equity. First of all, it is necessary to investigate the salary level and welfare benefits of the same industry. For example, for the iron ore industry, it is necessary to understand the salary level and welfare benefits of the iron ore industry. In addition, for jobs with commonalities in different industries, it is necessary to find out the status of their positions in different enterprises. If the salary level given is too low, even if there is certain competitiveness in the same industry, it will not be attractive. Employees are sufficiently attractive. In view of this, broadband compensation can be implemented in enterprises, and broadband compensation has certain flexibility, which is conducive to employee enthusiasm. Secondly, for the salary of employees in core positions, companies must understand that high wages may be low-cost. Finally, the setting of welfare is in some sense a respect for employees. Even small-cost benefits, humanized implementation will increase the sense of belonging of employees, such as holding employee birthday parties, employee relief, group travel, etc.

### **5.2 Increase the Transparency of Compensation and Benefits**

The main reason for employees to question compensation and benefits is that the salary and welfare of different positions are inconsistent, and the human influence factors increase, which leads to the instability of the people. Based on this, companies need to increase transparency in the management of compensation and benefits, so that employees have a clearer understanding of the payment rules, and have an objective and rational understanding of salary changes. Specifically, to do a good job in communication with employees, we must stand in the perspective of organization and individuals, understand the market conditions of enterprises and the personal economic needs of employees, and rationally understand the important role of compensation and benefits. On the one hand, it is necessary to keep the company's remuneration package and personal ability related to each other, communicate with employees in writing, and let employees understand the distribution system and performance appraisal methods, so that employees can aim for the increase of salary and benefits. On the other hand, it is necessary to transparently allocate the proportion of employees' wages, adjust the internal salary ratio according to the work intensity and other indicators, calculate the salary and bonuses, care about the different mentality changes of employees, and understand their thoughts on salary and welfare.

### **5.3 Establish a Scientific Salary and Welfare System**

Driven by the modern enterprise management consciousness, the enterprise salary and welfare system is continuously improved. The key link is to build a fair and perfect salary and welfare allocation system, so that the compensation and welfare standards and employee capabilities and expected values are not very mature. Most of China's enterprises are in the initial stage of fund

accumulation, and they are very mature in terms of employees' compensation and welfare evaluation system and welfare investment. Enterprises should establish a scientific performance evaluation system for compensation and benefits, rationalize salary management, strengthen the assessment of all aspects of employees, rationally set up humanized welfare benefits, and assign salaries according to the relevant industry conditions in which they are located, paying attention to the external environment and internals of enterprises. On the other hand, while formulating the enterprise performance management system, it is necessary to match the employees' compensation and benefits with the enterprise development strategy, so that employees can feel more benefits to themselves while serving the enterprise, and promote a vision of employees growing up in the enterprise.

## 6. Summary

Through a series of literature readings, previous research summaries and analysis of actual conditions, we can find that in many factors affecting employee stability, the sense of belonging, occupation space, salary and welfare are relatively large, but all require a long construction. While the compensation and benefits are short-term operation, coupled with the increase of life pressure and employees are more realistic, so the construction of salary and welfare has become an important and quick way to improve the stability of employees. The scientific salary and welfare system, improving the fairness, humanization and competitiveness of salary and benefits are conducive to improving employees' loyalty and job recognition, which can reduce the phenomenon of job-hopping and effectively reduce employee turnover rate. Therefore, it is highly feasible to strengthen the stability of enterprise employees through compensation and benefits. This paper takes the enterprise salary and welfare as the research entry point, defines the salary and benefits from the two perspectives of traditional concepts and accounting standards, discusses the effect of salary and benefits on employees, and further studies the influence and effect of salary factors on employee stability. It proposes feasible measures to improve the stability of employees through compensation and benefits management. This paper creates a better salary and welfare environment for employees, and injects new vitality into the long-term development of the company. The research has high practical value.

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