

# Discuss the Current Situation and Reform Way of Human Resource Management in Private Enterprises

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**Abstract:** Since China's reform and opening up,private enterprises have grown rapidly and developed continuously. However,over the years,the private enterprises have attached great importance to the economic benefits,and have hardly realized the importance of human resource management,which has formed a huge obstacle for the current enterprises. Therefore,it requires the private enterprises to study the current situation and reform path of management in human resource management.This paper analyzes the current situation and reform ways of human resource management in private enterprises.

**Key words:** Private enterprise human resource management status quo change way

## 1.Current situation of human resource management in private enterprises

In today's society,the competition between enterprises is very fierce,the current enterprise human resource management mode has become the core elements of enterprise competitiveness development,tools and means,because the human resource management mode can not only promote the enterprise and individual performance,also can effectively promote the enterprise management process and business process optimization,in order to ensure the realization of enterprise strategic goals.

The current practice has proved that if the enterprise does not pay enough attention to the human resource management mode,and does not really implement the people-oriented human resource management mode,then the enterprise will soon be eliminated by the market.

In China's market economy environment,enterprises to adapt to the increasingly fierce market competition,to highlight their own advantages,to deal with various challenges.Private enterprises gradually realize that the competition of talent is crucial,and they pay great attention to human resource management.However,due to the late start of the human resource management of private enterprises and there are various problems in the specific application,it is crucial to take effective countermeasures to improve the human resource management of private enterprises.

### 1.1 Overview of private enterprises

Private economy is an important part of the national economy and plays an important role in promoting the development of the national economy.However,most private enterprises are small,although full of vitality,but do not have the ability to resist pressure.In the complex market environment,the private economy will have many problems under the influence of various factors,but it is difficult to recover from the development.Many private enterprises in the market environment is affected by the impact,will be depressed,and eventually be eliminated.The main factor of private enterprise vulnerability is the failure to pay attention to human resource management,which has a negative effect on the development of private enterprises.Therefore,it is very necessary for private enterprises to pay more attention to human resource management.

The purpose of human resource management of private enterprises,from the perspective of ethics,employees should not only contribute to the optimized labor productivity,but also strive to realize the unity of personal value and social value while realizing the target value of the enterprise.Usually,what employees can do for an enterprise is determined by their knowledge and skills,and what affects the performance of their knowledge and skills often depends on the ethical quality.Through human resources development and management not only improve the effectiveness of human resources use,but also solve the problem of the status of employees in the enterprise,the all-round development as the purpose of human resource management,guide the most basic value orientation,employee value of self-realization and enterprise value optimization,and the practice of social core values direction.We should strive to make employees responsible to the enterprise,establish their loyalty to the enterprise,and optimize the benefits,and pay attention to how to treat and meet the needs of employees in a fairer and more human way,so that employees can realize the optimal self-value.

### 1.2 Human resource allocation system

In 1999,Barber et al.conducted a study on small business recruitment,which showed that most small businesses tended to adopt informal recruitment methods due to their lack of resources,such as employee referrals or small private online recruitment,and that few small businesses were recruited through campus or intermediaries.In 1999,H enem an and B erk ley also studied small business recruitment behavior.They proposed that in addition to resource restrictions,organizational legitimacy and competitiveness are also the main reasons why small businesses mostly use online recruitment.Compared with large enterprises,small businesses are at a relative disadvantage in terms of reputation and image.However,compared with the general campus recruitment or third-party intermediary agencies,employees recruited through the private network have more opportunities to understand the private information,in this case,employees will think about more factors when considering whether to join the enterprise.In 2016,based on the research of Lin Liancong et al.,they further discussed,mainly studying the main ways used by small enterprises to recruit core personnel.He classified private networks,first in social networks existing between relatives and friends,such as recommendations by

acquaintances, and second for business networks involving business activities on businesses. Small enterprises at different stages adopt different types of private networks. In the entrepreneurial stage, the core members of the enterprise mainly come from the entrepreneurs, namely the social network, which is determined by the lack of enterprise resources; In the growth period, the business network is mainly used to recruit the enterprise core personnel. For the recruitment of ordinary employees, enterprises often choose to obtain it from the society, because they are not like large enterprises, and have a human capital advantage.

### 1.3 Human resources training and development system

In 1995, Taiwan university zheng bo-xun made a study, analyzes the relationship between the Chinese enterprise organization behavior, he pointed out that enterprises at the time of talent selection, the main consideration is three factors, namely relationship, loyalty and ability, according to the three factors, employees can be divided into eight types, namely enterprise core personnel, enterprise auxiliary personnel, pride, children, prevent object, message, cooperation personnel and marginal personnel. The law of interaction between enterprise hosts and these eight types of employees forms the basis of the organizational behavior and operation of Chinese enterprises. Different types of employees are different from the interaction rules between corporate hosts, and these rules are the core and key to the behavior and operation of Chinese enterprises, especially small business organizations. In this mode of operation, enterprises give priority to the relationship, followed by loyalty, and finally to the talent when selecting talents. This mode of operation reflects the traditional family culture in China to some extent, especially in the early enterprise recruitment. However, with the continuous improvement of enterprise popularity and the continuous expansion of scale, this operation mode is no longer applicable to the development of enterprises and to meet the talent needs of enterprises, enterprises will pay more and more attention to ability and performance, rather than the relationship.

In 2003, C iavare lla pointed out in its research that different employee training methods are adopted in different stages. In the limited stage, most enterprises choose on-the-job training when new employees learn experience and technology, cheaply and efficiently, while in the growth stage, enterprises mainly choose formal training policies, because the employees in each position need to master the corresponding skills. However, the current on-the-job training is still relatively mainstream, because in addition to the new employees, the vast majority of employees, especially those in the technical positions, have been familiar with the job work and responsibilities in their previous work, and there is no need to carry out the induction training.

### 1.4 Human resource performance appraisal system

At present, there are 40 million private small and medium-sized enterprises in China, accounting for 99% of the total enterprises, contributing 60% of China's GDP, 50% of tax revenue and 80% of urban employment.

Table 1 Market Size and Growth rate of Private SMEs

	market size	rate of rise
2011	35	35.00%
2012	49	40.00%
2013	71	44.90%

2014	103	45.10%
2015	142	37.90%
2016	195	37.30%
2017	250	28.20%

With the rapid development of China's social economy and the continuous reform of market economy, most of the small and medium-sized enterprises in China have realized the importance of performance management, and began to bring the performance management of small and medium-sized enterprises into the management agenda, constantly improve the performance management level of enterprises, and improve the human resource management.

Compared with larger enterprises, private small and medium-sized enterprises have less personnel, relatively simple organizational structure, relatively flexible management system, which also makes the relatively speaking, the performance management implementation process of private small and medium-sized enterprises has its own special content, the complete performance management process including performance planning, performance implementation, performance evaluation and performance feedback and performance results apply several main links.

Private SME performance plans are usually made by the senior managers of the enterprise. The management system of most small and medium-sized enterprises in China is not perfect, and the power of enterprises is too much concentrated in the management, and it has a strong individualism. In such circumstances, the performance management, the participation of employees is low, so there may be a certain degree of deviation in the process of implementation.

Secondly, the performance plan of private SMEs usually consists of key indicators, because the internal organizational structure of private SMEs is relatively simple, and many private SMEs simply choose three to five key words to make the performance plan.

Third, the performance plan of private SMEs has some flexibility. The group size of private SMEs is not large, and the system is not very standard. Under the condition of fierce market competition, private SMEs can use the flexibility and rapid response capacity to develop rapidly.

### 1.5 Human resource salary system

For private small and medium-sized enterprises, one of the most basic principles in their compensation management system is the principle of fairness. This principle mainly includes the following categories: ① internal fairness. It requires the salary level of each position to meet its actual value; ② external equity. It requires enterprises to have a certain competitive advantage when comparing the difference between their salary level and similar enterprises in the same industry; ③ individual equity. It requires corporate salaries to reflect different values from their employees. By evaluating various relevant factors, such as job responsibilities, qualifications, etc., consulting with relevant experts, managers and specific staff, develop the job value evaluation scale, clarify the relative value of the private enterprise, and establish a fair and reasonable salary management mechanism to achieve internal equity in the whole remuneration system; realize external equity by analyzing the findings and relevant data, enterprises in the market before developing the salary system. By formulating the reasonable performance evaluation management system and the perfect incentive system, it can not only effectively improve the work

performance of employees, but also maximize their self-value, and get the salary consistent with their performance, so as to realize individual fairness.

However, from the actual situation, private enterprises often appear in the compensation management, contrary to the principle of fairness. Because private enterprises are usually mainly private enterprises, not only small development scale, the human resources department management salary is relatively backward, it is difficult to meet the requirements of the development of enterprises and The Times, and most of the work is superficial, lack of perfect salary management system, so their internal fairness is often not guaranteed. From Krui international data released in 2015, we can see that when issuing compensation, adopt confidentiality mechanism of private SMEs reached 70%, pay transparency is very low, which seriously hindered the construction of fair compensation management system based on scientific performance evaluation, easy to cause the contradiction between different pay employees, and makes the trust between employees and employees, employees and managers is lower and lower, and also easy to lead to managers according to personal preferences to make compensation system. Although some private enterprises have established an open and transparent salary system and evaluation standards, but due to their lack of a perfect performance appraisal system, the assessment work is useless, and it is unable to fairly evaluate employee performance, and it is difficult to effectively reward and punish employees, thus hindering the realization of employees' self-value. Due to the salary management system of some private enterprises is more arbitrary, it is difficult for employees to obtain the matching income with their pay, which leads to a stronger sense of unfairness and aggravates the brain drain of enterprises. According to the relevant data released by 51 job in 2017, in 2016, the probability of employees voluntarily leaving the office reached 16%, and compared with ordinary enterprises, the active turnover rate of high-tech enterprises was higher, reaching 21.6%. Through the analysis of the author found that this phenomenon is increasingly closely related to the supply side structural reform, today, the emerging high-tech industry, because engaged in the industry staff are generally younger, the demand for development opportunities and promotion space is stronger, so compared with other industries, the industry employees active departure probability is higher.

The principle of fairness should be the basic principle of compensation management in private enterprises. Internal fairness requires that the salary level of each post meets the actual job value; external fairness requires that the enterprise salary level is competitive when compared with similar enterprises in the same industry; and individual fairness requires that the salary reflects the different values of employees in the same position. Through the qualifications and responsibilities of each post and working environment and intensity of the system evaluation, in the full consultation with relevant experts, managers, actual staff, on the basis of the establishment of private enterprise own post value evaluation scale, determine the relative value of the post, establish a fair compensation management system, so as to ensure the internal fairness of the remuneration system. External fairness is achieved through the market compensation survey and relevant data analysis. Before formulating the enterprise salary system, the salary level of specific positions in similar enterprises in the market should be fully investigated and studied. Through the establishment of a scientific performance evaluation management system and a humanized and

diversified incentive mechanism, the employees can constantly improve their work performance, maximize their self-value, and enjoy and achieve their performance.

However, in the practice of compensation management in private enterprises, it is common to violate the principle of fairness. Because the vast majority of private enterprises concentrated in private enterprises, restricted by the development of various factors such as scale, human resources department compensation management method old single, cannot adapt to the requirements of the enterprise development and era development, mostly only stay in daily archives, accounting wages and labor welfare surface work, did not establish a fair compensation management system, thus cannot ensure the internal fairness. And according to the international 2015 enterprise compensation research report, according to data of up to 70% of private small and medium-sized enterprises, pay the amount of confidentiality mechanism, lack of transparency, this is not conducive to establish based on scientific performance evaluation of fair compensation management system, easy to cause different salary employees suspicion even opposition, thus weakened the trust relationship between employees, employees and managers, also easy to indulge managers subjective arbitrariness in the salary system. Although some private small and medium-sized enterprises in science and technology have a transparent salary system and evaluation standards, but due to the imperfect performance appraisal system, the assessment is often a mere formality, the performance can not be fairly evaluated, can not achieve effective rewards and punishments for employees, resulting in the value of employees can not be fully realized. The salary of employees in some private enterprises is highly arbitrary, which leads to a strong sense of unfairness because their pay is not proportional to their income, which also leads to a serious brain drain in enterprises. According to the 2017 Separation and Salary Adjustment Survey Report released by 51 job, the overall active turnover rate of employees reached 16.0% in 2016, while the active turnover rate of the high-tech industry was 21.6%, which is relatively high than that of general enterprises. According to the analysis, this phenomenon is related to the in-depth of "supply-side structural reform". The emerging high-tech industry represented by the Internet is developing rapidly. As the employees in this industry are generally young and expect more development opportunities and promotion space, the active turnover rate of employees is significantly higher than that of other industries.

## 2. Ways to reform of human resource management in private enterprises

To sum up, at the present stage, there are many problems in the human resource management of private enterprises in China, which makes the human resource management of enterprises cannot make better contributions to the development of enterprises and play a better role. Therefore, private enterprises need to constantly combine their own situation, make use of their own advantages, and choose better human resource management mode reform ways to make up for their own shortcomings. The specific ways of change are as follows:

### 2.1 Human resource management mode under the Innovation strategy

The innovation strategy of enterprises requires that employees need to have their own innovative working methods. This brings

this new challenge to human resource management,so human resource management should select highly skilled employees when selecting talents,and constantly increase investment in human resources to cultivate more highly skilled talents.To provide a variety of resources for enterprise innovation,standing in the long-term development strategy,to provide fair performance evaluation for employees.Improve employee skills through training,and implement effective human resource management activities to retain talent.Such as effective salary management,welfare plan,career learning,promotion system and so on.

First,to provide better work plans for employees,to provide them with opportunities for employees to strengthen their own skills,so that employees can constantly improve their self-value,and better serve the enterprise.Enhance the competitiveness of enterprises.

Second,stimulate the potential of employees and improve their innovative thinking.Let employees give full play to their own talents to realize their self-value.

Third,give employees higher sovereignty.Give employees more space to deal with their work within the scope of work,make the work more flexible,let employees give more play to their own ability,improve their work enthusiasm.Convenient for the innovative work of employees.

## **2.2 Human resource management mode under the quality leading strategy**

Improve the rigorous working attitude of employees,let the quality leading strategy.Allows employees to concentrate a job in a stable way in the long term.In addition,employees need to cooperate and coordinate.pay attention to quality.Ensure the smooth operation of every link of the enterprise,and cultivate the quality-centered values of employees.The work of human resources is mainly realized through the following aspects.

First,select reliable employees.Pass the written test to test the candidate's professional knowledge,and focus on the candidate's personality test.So as to select the most suitable for the development of the enterprise employees.

Second,control the work of employees,affect the behavior of production quality needs to put an end to human resource management to strictly control the work behavior of employees,and formulate an effective reward and punishment system.

2.3 Human resource management mode under the cost reduction strategy  
The strategy of enterprises has become one of the important factors affecting the development of private SMEs.At present,there are many crises in small and medium-sized enterprises in China,such as the market decline of products.Therefore,enterprises must make the human resource management model more adapt to the situation of enterprise cost reduction.Let employees more identify with the cost reduction of the enterprise,and reduce the sense of crisis of employees.Have a high sense of belonging to the enterprise,let every employee realize that cost reduction is the responsibility and obligation of every employee.Let the cost saving of the employees become the incentive mechanism of the enterprise,let the employees realize the importance of saving the enterprise costs.For the cost-saving employees we should be effectively encouraged and commended,so that every employee can make contributions to the cost saving of the enterprise,and share the joys and sorrows with the enterprise.

## **2.3 Implement the strategy of investment investment of human capital**

The implementation of human capital investment strategy and retaining the enterprise core employee market rules tell us that the relationship between enterprises and employees cannot be simply regarded as an employment relationship,but also as a community of interests.People can not only rely on a paper contract,more importantly,the psychological contract,life value contract.The core employees of emerging young enterprises have special capital and skills,and have a strong autonomy,and their future will have a decisive impact on the enterprise.According to the survey,the main factors that determine the retention of enterprise employees are:good economic income,a sense of achievement,incentive,promotion opportunities,etc.More important for core employees is to be able to change their roles and link their personal interests with corporate development.As a private enterprise,we should do the following two aspects in how to retain talents:(1)implement the employee classification and determine the core employees.The specific operation can be used in the"two dimensions and four categories"method to classify employees.Divide the enterprise employees into four types and form four modules.Obviously,in the four modules,module A is the one we call the core employee of the enterprise,which is the entity and carrier of the human capital of the enterprise.Its quantity and stability constitute the key to the enterprise competition.(2)Implement the human capital investment strategy of core employees.The core employees of the enterprise have the characteristics of high desire for achievement,close attention to career development and strong mobility.They master more than 80%of the technology and management of the enterprise,create more than 80%of the profits,and are the soul and backbone of the enterprise.To retain the core employees,to partially authorize the above employees in the management,and to stabilize and motivate them through the implementation of human capital investment strategy.The investment of human capital is the key value of human resources,which determines the development future and destiny of the enterprise,in the form of capital to form the assets of the enterprise,which is the improvement of the incentive mechanism of enterprise property rights.

## **2.4 Build a soft environment for enterprise development and achieve harmonious and sustainable development**

The necessary factor for the survival and development of enterprises is the soft environment,and the creation of a soft environment is an indispensable part of the enterprise development,which is the basis for enterprises to establish a virtuous human resource cycle.The soft environment generally includes four elements:

Goal incentive.Implementation of this principle can help companies achieve basic management by objectives.Different work objectives to give appropriate incentives,can fully encourage the enthusiasm of employees.According to the general principle of incentive,the benefits that employees can obtain from the goal are directly proportional to the incentive effect.Therefore,the goals and incentives should be formulated according to the strategic development of the company,so as to cultivate the enthusiasm of employees to achieve their career goals in the continuous incentives.

Care incentive.No matter what kind of enterprise,what kind of employees are treated depends on the attitude and concept of

the enterprise managers, and the mutual relationship between the enterprise and the employees, the development of the enterprise and the attitude towards employees are inseparable. Therefore, the management should establish a good communication relationship with the employees. When the needs and interests of the employees are met, the strategic goals of the enterprise are easier to achieve. Different enterprises have different incentive policies, and the needs of employees also vary from person to person. Enterprises should understand the most urgent needs of employees to motivate them. At present, various industries are affected by the financial crisis, and enterprises and employees should rely on each other to tide over the difficulties together.

We will improve the social security system. From the perspective of human resource loss, the main factors when enterprises cannot provide basic guarantee for employees. Therefore, enterprises should reform the basic guarantee system of their employees to improve the trust and security relationship between labor and management to the greatest extent, especially China's private enterprises need to strengthen the construction in this respect.

Establish a modern corporate culture. Corporate culture is closely related to the construction of enterprise soft environment. The connotation of the enterprise soft environment is actually the good relationship between employees and the trust between teams in various departments, so as to produce the cohesion of an enterprise. It can be said that the cultivation of corporate culture is one of the fundamental forces of enterprise development. In many small and medium-sized technology enterprises in China, the enterprise soft environment is a necessary factor for enterprises to carry out high-quality management of employees to achieve enterprise harmony.

### **2.5 Implement the talent strategy to enhance the continuous learning potential of core employees**

At present, most of the emerging, young, small and medium-sized enterprises in China are facing the dual pressure of market and enterprise internal brain drain, and they must take human resources as the ultimate dependence. "In the face of market competition, whether it is technology reserve, market information

and technology complex, enterprises fundamentally lies in the reserve of technical employees. Therefore, enterprise management is essentially to coordinate and utilize technical staff talents."

The development of most of the emerging, young, small and medium-sized enterprises in China essentially lies in whether the core quality of enterprise talents can continue to be improved. High-quality human resources are the foundation of enterprise development. In this regard, we can see that the learning curve theory in economics can better explain the power that employees' learning brings to the enterprise. In economics, the learning curve theory means that the efficiency of the production unit of the product continues to grow due to the increase of the production quantity, and then the production cost will decrease. It clearly reflects the general relationship between enterprise output efficiency and cumulative output. Because of the improvement of the quality of enterprise human resources, it can effectively improve the production capacity of enterprises.

### **2.6 Build a dynamic salary system to realize salary incentive**

The value of employees is exchanged with a certain amount of compensation, which is the basis of a market economy. Most of the emerging young enterprises in China can use the compensation incentive system to assist the enterprise management, and formulate different compensation incentives according to the market demand. First of all, enterprises must develop a compensation incentive model more in line with the enterprise development strategy through scientific quantification, so as to dynamically and stably use the salary to encourage the enthusiasm of employees. Research has shown that under the same goal, the higher the salary encouragement, the higher the motivation of employees. In the salary incentive model, three factors must be controlled: 1. The enterprise should clearly understand the general price of the job demand with certain scarcity in the labor market with certain demand; 2. The business performance of the enterprise; 3. The performance level of the enterprise demand for the position. The basic structure of employee compensation includes wages, bonuses, long-term incentives, and benefits. As long as employees can meet their job needs, companies can pay a basic salary.

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