

## The Rationality of Jd Logistics New Salary System

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**Abstract:** JD logistics released a new salary system in April this year. While the salary system that keeps pace with The Times is worthy of affirmation, it has caused controversy to some extent and challenged the salary standard of express delivery industry. Herzberg's two-factor theory is often used to analyze the incentive and health care of enterprise employee management. Based on this, the positive effect of the new salary system on JD logistics is analyzed. Considering the background of the express industry, JD couriers have room for salary reduction, the cancellation of the basic salary may not necessarily result in salary reduction, and it can motivate excellent employees, and the adjustment of the contribution ratio of the provident fund is in accordance with laws and regulations, so JD's move is reasonable.

### 1. Introduction

Salary is not only related to the operation cost of the enterprise, but also reflects the overall strategy of human resource management and the orientation of enterprise culture. It is an important factor that influences whether the individual characteristics and behavior performance of employees are consistent with the development of the overall strategy of the enterprise. In the past few years, JD has been the leader in the industry, but after the negative emergencies at the top, the company's development is facing bottlenecks and the urgency of making profits is more prominent. JD is under great development pressure to release a new salary system, and its rationality is worth exploring.

### 2. Compare the Salary and Treatment System of Courier

Due to limited promotion space and no direct connection between salary and length of service, couriers are highly mobile. A 2016 report by aliresearch shows that nearly half of the couriers in its outlets have worked for less than one year, which also confirms this point. Presumably JD logistics has considered that couriers may “jump ship” due to the new salary system. After all, the industry is highly competitive, and for couriers, the salary system directly determines their job intention. JD logistics is a part of the express industry, and its salary system must be determined according to the actual situation of the industry and the company. Therefore, it is very important to analyze the salary system of competitors of JD logistics. According to the public information of JD logistics, SF Express, Shendong and Yunda, no basic salary is adopted now, but JD logistics is unique in five social insurance and one housing fund. It can be seen from above that the salary system of JD logistics is relatively perfect and superior in the industry. In the past, in order to guarantee the basic salary and five social insurance and one housing fund, the operating cost is much higher than that of competitors. Under the new salary system, JD logistics will cancel the basic salary, and employees' income will be directly linked to their performance. Five social insurance and one housing fund's contribution rate will also be slightly reduced. In fact, there are only a few enterprises that can pay five insurances to employees in the express industry. This personal experience of Liu Qiangdong, who started from the grass-roots level, has a lot to do with it.

Salary system is an eternal topic of the enterprise, the perfect process is not one and done. It can be imagined that JD logistics' move may also be an attempt to test the impact of the new salary system on the enterprise. It is possible to adjust the salary system according to the operating conditions. Only by continuously supporting the system that keeps pace with The Times can JD logistics improve its competitiveness, or even lead the domestic logistics express service industry to develop healthily.

### **3. The Rationality of Health Care Factors**

The health factor is the key point that the enterprise must establish and perfect the rules and regulations to implement, the main function is to prevent or reduce the dissatisfaction of employees. Obviously, an enterprise must use strong cohesion to promote its development. If employees are dissatisfied with their work, the enterprise will inevitably have internal friction, which will lead to low work efficiency and even large-scale dimission. Therefore, the new salary system of JD logistics definitely takes health care into consideration in its design and is reasonable. According to the content of health factor and the new salary system, it is quantified as salary, policy and management system.

#### **3.1 Salary**

There is room for salary reduction. Abolishing the basic salary is conducive to the protection of the number of Courier posts. According to JD logistics' public information, the average salary of its employees in 2018 is in balance with the industry average, with a monthly salary of 6, 000 yuan. In the same year, the disposable income of China's urban population was more than 36, 000. Compared with this, the salary of couriers is superior, which means that if the new salary system leads to the decrease of couriers' income, it will not cause the couriers' strong dissatisfaction, and the salary base is large and the salary reduction space is ample. Combined with the company's official response, if the basic salary is not cancelled, JD logistics will surely bring down the whole company in the case of long-term losses. Compared with the layoff, the number of jobs for couriers cannot be maintained and guaranteed. The pay cut is also a rational way for couriers to choose the lesser of two evils. Couriers can accept it more. It does not necessarily mean a pay cut. Eliminating the basic salary is conducive to increasing the sense of accomplishment of couriers. Since the implementation of the intelligent logistics model in 2018, JD logistics has gradually become a professional logistics enterprise, and its service methods have been well received by customers and established a good corporate image. As stated in the official response, JD logistics will not only serve JD mall after independence, but also compete with other express delivery companies for individual delivery. In terms of operation, it can be the standard of express companies. Therefore, it can be speculated that JD logistics not only adjusts the salary system, but also seeks new development in the operation scope. The delivery of JD logistics is only the guarantee of couriers, not all. Under the performance system of more work, as long as the Courier works actively and guarantees the workload, I believe the salary will not be reduced.

#### **3.2 Policy and Management System**

Update the salary system in real time to improve the overall operating efficiency. Enterprises are also like “rowing against the current, not to advance is to retreat”,

Updating policy with The Times is undoubtedly reasonable, but also a basic requirement for the survival of an enterprise. At present, the service scope of JD mall is mainly in first-tier and second-tier cities, and it is in a leading position in the industry. Compared with JD, the services of taobao and pinduoduo in third-tier and fourth-tier cities are more competitive. It is believed that under the guidance of the new development strategy, JD logistics will gradually increase its market share in the third and fourth tier cities, so as to enhance the comprehensive strength of the enterprise. In the case of expanding business, JD logistics must match the new salary system, and the cancellation of the basic salary is in line with the market's policy operation, which can improve the work vitality of couriers and the overall operating efficiency. In addition, JD logistics has invested more capital into the market after its independence. In an increasingly strong enterprise, it is believed that for employees, is conducive to increasing confidence and work enthusiasm. Maintain five social insurance and one housing fund, enhance the sense of security of Courier. Couriers are highly mobile, their working environment is relatively random, and personal safety is an inescapable heavy topic. In the whole express industry with high salary as a cover, ignoring the personal safety of couriers, JD always insisted on paying five social insurance and one housing fund for employees. At the present stage, JD faces obstacles in its development. JD logistics only reduces the proportion of five social insurance and one housing fund payment, and the guarantee of five social insurance and one housing

fund for couriers will not be greatly affected, even negligible. Moreover, JD logistics adjusts the proportion of employees' accumulation fund within the scope allowed by the policy, and has fully considered and maintained the basic guarantee of couriers. It is believed that couriers can also understand the difficulties of JD logistics and compare the current situation of the industry, without any dissatisfaction. Just as Liu Qiangdong always addresses employees as "brothers", it can be seen that both JD and JD logistics after independence do not completely regard profit as the only goal, but also attach importance to the protection and development of employees, which greatly improves employees' sense of security in work and life.

#### **4. Rationality of Incentive Factors**

Incentive factor is an important part of the enterprise to maintain the vitality of the management system. Under the condition of material level is not highly developed, the main aim of the work or to survive, if employees to work just stay on the satisfaction of material gain, can't work with full enthusiasm to treat every task, work hard to avoid can appear negative, leading to lack of motivation, long-term in the past, no matter for the development of the individual or enterprise's profit target is a fatal blow. Therefore, the design of JD logistics' new salary system must take incentives into consideration and should be reasonable. Based on the content of the incentive factors combined with the new compensation system, it is quantified as responsibility and achievement. JD logistics, whose income is linked to performance, is determined to eliminate these two types of couriers: those with poor performance. No matter the position, length of service, everyone is equal, as long as the performance is not good, all elimination; A Courier with low cost performance. Courier is a position to earn money with physical strength, not a skill progressive and cumulative work, generally speaking, the income will not be doubled with the length of service. Due to the great work intensity, with the growth of age, the number of deliverymen will also reduce, so this kind of deliverymen will be eliminated.

Under the old salary system, the difference in the treatment of couriers is not well reflected. The poor performance of couriers is not only an obstacle to the expansion of enterprises, but also a blow to active and excellent employees. The company is not a nursing home, and JD.com's move is painful, but its highly streamlined workforce does establish a good work style. Market-oriented salary system is conducive to improving the sense of achievement of express workers. The new salary system is a test for couriers. It is beneficial for couriers with ability and motivation to get reasonable treatment, and it is difficult for couriers who can't adapt to it or are slack in their work. Compared with the direct elimination of Courier with poor working ability, the new salary system is a buffer for them and gives them a chance to improve themselves, which is conducive to the humanized management system of JD logistics. Survey released by the State Post Bureau in 2019, according to our Courier team mainly come from the countryside, presents the characteristics of the younger, less education, for the similar to express this post strong dependence of labor skill is not high, in the express industry has a good prospect, especially under the condition of JD development is in good condition, and JD made it clear that will release more than 10000 jobs to the society. To sum up, it is unlikely that the couriers will leave their posts, but they are more likely to improve their understanding of the express industry and promote JD logistics to build a good management system and corporate image.

#### **5. Conclusion**

A successful companies tend to have a good brand advantage, have more consumers, consumer is the core of the enterprise brand operators, the ultimate goal of brand management is the demand for the consumer, the consumer demand is constantly changing, which requires the brand of the operator should according to the change of the consumer demand constantly adjust the brand strategy, true to consumers as the center, carefully study the brand connotation and characteristics of the life cycle, the real from the meet consumer demand for the long-term development of the brand. From the perspective of consumer benefits, JD mall's self-built logistics brings better logistics experience to consumers and better meets their logistics needs. It can enable JD to control the operation of

enterprise logistics system, master the situation of each link of logistics distribution, and timely find problems and adjust business strategies. The experience of modern enterprise management tells us that only effective management and incentive can fully stimulate employees' potential, so as to complete the work with better quality. The new salary system is the result of deep consideration by the decision-makers of JD, and also the turning point for JD to seek further development. Faced with the controversy, the official responded that the old salary system could not match the new development model, and its rationality was of great significance not only for optimizing JD's public opinion image and improving the salary system of express delivery industry, but also for enriching the content of modern enterprise management.

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