# Research on the Frontier and Current Situation Problems of Haidilao Human Resources

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#### **Abstract**

Since its establishment in 1994, Haidilao has dominated the hot pot market in the catering industry with its meticulous service in the 21st century, and has become the target of countless hot pot restaurants. Behind the success is the strategic victory of Haidilao's own human resources management, as well as the success of its own staff training, construction and motivation. As the vanguard of the tertiary industry, Haidilao has rebuilt its brand and reputation with the help of high-quality services. This paper aims to analyze the current situation of Haidilao's human resources, analyze the problems existing in Haidilao's human resources management in the era of big data Internet, and propose feasible improvement measures.

# **Keywords**

**Human Resource Management; Motivation; Compensation.** 

# 1. Frontier System of Enterprise Human Resources

## (1) Flat organizational structure

Haidilao has cut down all the cumbersome management systems. In order to ensure that the company's senior leaders can directly listen to the voices of grass-roots employees, it adopts a flat organizational structure and has four departments: headquarters, coaches, group groups and restaurants. The headquarters is the core of the store's operation, responsible for coordinating the overall situation and controlling the profit and loss of the store. Coaches are the basis for the decentralized operation of stores, providing sufficient guidance and support for each store. The group is composed of neighboring restaurants, and there is a teacher-apprentice relationship. The restaurant handles the day-to-day operations of the store. Its flat organization has no virtual positions and minimizes the management level, so that senior leaders and grassroots employees can achieve close mutual feedback.

#### (2) Incentive to drive service

Motivation is to achieve the desired goals and objectives, so as to adopt some kind of incentive method to urge, persuade to achieve the goals or even exceed the expected goals. [1] Haidilao employees take the initiative to provide high-quality services because of the company's incentive system. In the establishment of the incentive system, Haidilao fully embodies Maslow's hierarchy of needs theory, expectation theory, and fairness theory. Its incentive system is divided into internal incentives and external incentives. Intrinsic incentives are incentives generated by employees due to their own sense of satisfaction. Extrinsic motivation is to motivate employees to be proactive through various external factors such as salary, promotion, bonus and so on. The combination of internal incentives and external incentives has greatly promoted the high-quality and high-volume services.

#### 1. Low-entry intrinsic incentive system

Most of the newly recruited employees of Haidilao are from rural areas and have no cultural or family background. I hope to get a stable income through my own hands and benefit my children in the future. By providing a guaranteed job, Haidilao satisfies their pursuit of life to a great

extent. In addition, the perfect incentive system provided by Haidilao for employees makes employees cherish their work more, and I am afraid that they will lose their jobs again due to their own mistakes. The low-entry mechanism has well realized the motivation of employees themselves. These farmers' children do not have the work frame of highly educated employees, and are well integrated into the management mechanism of Haidilao.

#### 2. Promotion incentive system

Haidilao has a unique promotion mechanism for the promotion of employees. Its launch of "change fate with both hands", that is, the internal promotion mechanism, has mobilized the enthusiasm of employees. The promotion of Haidilao employees is divided into three major channels: management, technology, and logistics. Each channel starts from an intern, and through its own efforts, it is gradually promoted through the stages of being positive, qualified, excellent, and advanced. As long as the company performs well, there must be a concept of promotion that is suitable for you. Senior managers are promoted step by step from the service industry and interns, and the first level of internal promotion mechanism has given employees full motivation. On the second level, a level playing field is created and the phenomenon of disobedience to management is avoided.

#### 3. Salary Incentive System

According to the survey, the salary of Haidilao is 30% - 50% higher than that of the same industry. The scientific and reasonable design and implementation of the salary incentive system can well stimulate the enthusiasm for work and a strong sense of responsibility, and stimulate the enthusiasm, initiative and creativity of employees to the greatest extent. [2] Haidilao refuses to "draw a pie" in the design of the salary system. The salary structure of employees consists of more than 4 parts, mainly including basic salary, title salary, bonus, length of service, overtime pay, etc. The multi-part model is very good at mobilizing the enthusiasm for work.

#### (3) Humanized management to meet the needs of employees

Haidilao implements humanized management in the treatment of employees, and tries to meet the various needs of employees as much as possible. Haidilao is equipped with full-time nanny for the staff dormitory. The staff serves customers during work and enjoys the treatment of being served as consumers during rest. The staff dormitory is equipped with entertainment equipment such as computer and KTV for staff entertainment and relaxation. In addition, Haidilao also pays wages to the parents of outstanding employees every month, and even specially invested in the establishment of a school for employees' children to solve the problem of employees' children going to school. Haidilao's practice reflects the company's full trust and respect for its employees, and interprets the core connotation of its humanized corporate culture. [3]

# 2. Existing Problems

#### (1) Low access results in high training costs

Haidilao's low entry threshold mechanism for employees has played an inherent incentive role to a certain extent, but the low cultural level of employees provides higher requirements for enterprise training. In order to show Haidilao's high-quality and high-quality services in front of consumers, Haidilao needs to spend a lot of money on employee training every year. This invisibly increases the capital cost of the enterprise, and the employees have a low level of education and take a long time to accept new skills. Many employees are not directly on the job after new hires and require months-long training to be competent. On the contrary, if the enterprise recruits high-quality and high-diploma employees, the expenditure on training will be greatly reduced.

#### (2) High employee turnover rate

Relevant data show that the turnover rate of Haidilao employees is as high as 30%. The reasons for his resignation mainly include the following two aspects: the first employee cannot adapt to the high-intensity management at work, and cannot complete the job well. Haidilao has strict management standards for employees. Although it implements humanized management, it does not shy away from employees' mistakes in their daily work. Many employees choose to leave because they cannot accept the stressful work environment. The second employee chose to start his own business after learning the skills. Because Haidilao provides all-round training for employees, some employees choose to start their own business after mastering the success of Haidilao, which betrayed the trust of Haidilao and became Haidilao's competitor.

(3) Lack of high-quality professional management personnel

If an enterprise wants to be sustainable, it needs a reasonable top-level system design to maintain the efficient operation of the enterprise, and an excellent leadership team for long-term strategic planning. [4] Haidilao's internal promotion mechanism provides a fair competitive environment for employees, and has played a motivating role in keeping employees motivated for a long time. But if a company wants to achieve breakthrough development, a good leader is a must. Due to the limitations of the internal promotion mechanism, the leaders of Haidilao lack professional knowledge and can only play a role in convincing the public and maintain the normal operation of the company. In today's Internet big data era, Haidilao cannot achieve development breakthrough. Therefore, Haidilao needs high-quality professional management personnel, that is, strategic talents, to make suggestions for the development of Haidilao. However, if the introduction of talented executives breaks the internal promotion mechanism, it will be a big problem whether the level playing field will continue to be maintained.

#### 3. Solutions

(1) Appropriately improve employee access standards and establish its own training company With the development of my country's national economy in recent years, the cultural level of the people is also constantly improving. With the increase in the proportion of college entrance examination admissions year by year, undergraduate has become a common degree in China. Haidilao can follow the development trend of academic qualifications and appropriately improve the access standards of employees. The academic requirements can be limited to college or undergraduate, so as to reduce the cost of employee training and shorten the gap period of employee training. At the same time, establish its own training company or cooperate with external training institutions to minimize training costs. By establishing a training company by itself, the whole process from training to induction can be completed internally, which can well control the training cost, establish the standardization of training, improve the training level, and provide employees with higher standards for the enterprise.

(2) Improve labor contracts and manage the release period

In order to reduce the turnover rate of employees, labor contracts can be improved. The working period mechanism is implemented. If employees leave the company during the agreed period of time, they need to pay high liquidated damages. Through the limitation of this contract, the turnover rate of employees is reduced, and the training cost of each employee is guaranteed to be less than the capital value it creates for the enterprise. At the same time, when the employees leave the company, they will be managed during the release period, and the employees will be managed in a closed period, and daily living allowances will be given during the closed period. In order to prevent employees from bringing technology into competitive enterprises and intensifying industry competition. If employees leak technology to the outside world without their consent, they will protect the legitimate rights and interests of the company through legal means and sue employees for infringement.

## (3) Senior leaders adopt internal promotion and external employment

In order to ensure that enterprises adapt to the development trend of today's Internet big data era, and at the same time provide employees with an external incentive system for fair competition. Senior leaders can adopt a structural model combining internal and external, and select outstanding employees from within for promotion to manage the internal operations of Haidilao and ensure the normal operation of the company. Professional high-quality management talents are hired externally as consultants or managers as strategic talents of the enterprise to make suggestions for the future development of the enterprise. The combination of internal and external not only ensures the normal operation of the company's business, but also ensures that the company can adapt to the trend of the times. The two have their own priorities at the management level, and each exerts the greatest value.

# 4. Summary

As a leader in the hot pot industry in the 21st century, Haidilao's current relatively complete human resources system is a model for most tertiary industries to learn. The management model that combines incentives and remuneration has greatly mobilized the enthusiasm of employees. At the same time, many problems and deficiencies have been exposed in its system. With the variability and crisis of the market in the Internet era, Haidilao's human resources system should change with the development of the times. Reducing training costs and turnover rates and establishing a professional senior management team will be the focus of Haidilao's human resource management in the future. In the future, how more tertiary industries can become benchmarks and stand out in human resource management will be an issue worth investigating for a long time in the future.

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