# The influence of performance pay and self-efficacy on firm innovation behavior

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**Abstract:** The speed of economic globalization is getting faster and faster, and the innovation requirements of enterprises are getting higher and higher. This paper combs the literature on enterprise innovation behavior, and draws a conclusion: The existing research mainly focuses on the impact of individual on individual innovation behavior. If an enterprise wants to obtain sustainable competitive advantage, it must understand the internal psychological process of employees, and combine it with internal and external factors of the organization, and take corresponding measures to stimulate its creation.

## I. Introduction

With the advent of the new economic era brought about by reform and opening up, the trend of economic globalization continues to develop, the market environment in which enterprises are located is becoming more and more complex, and the market competition environment is becoming more and more intense. How to stand firm in such fierce competition and achieve long-term stable development is an urgent problem for contemporary enterprises to solve. Innovation plays a pivotal role in promoting the country's development, as we all know, the Party's second tenth report pointed out that China has entered a brand new stage of development, but also will face the opportunities and challenges brought by economic system reform. As a result, the market challenges facing every company are getting bigger and bigger. The past theory and practice have proved that innovation is of great strategic significance to the development of enterprises. As China moves towards the direction of "innovation-driven", enterprises have gradually realized the importance of innovation. Modern enterprises need to possess and gradually improve the ability of innovation, and employees are the main body of enterprise innovation, and their role can not be ignored. And only the innovation of employees can jointly promote the innovation and development of enterprises. Employees are the most important foundation of enterprise and team innovation, and the quality of employees' innovation has a great impact on the overall innovation performance of the company. Therefore, how to motivate employees' innovative behavior to the maximum extent is an important means for enterprises to carry out innovation and development. However, to give full play to the creativity of employees, we need an incentive, both spiritual and material. However, from the extensive research and literature available, it is not difficult to see that in real life, employees' behavior is closely related to the incentives they receive. First of all, enterprises should create a good organizational environment and cultural atmosphere full of positive energy for employees and design a reasonable salary system, so as to achieve the purpose of mobilizing and stimulating employees' autonomy and active innovation. In addition, this also provides a new idea for enterprises how to efficiently allocate personnel and posts, and improve the targeted and differentiated management level of employees. First of all, in the daily operation and management, enterprises should pay more attention to the interests of employees, pay more attention to and affirm the efforts of employees, so as to create a good working environment full of positive energy. Let employees have a sense of prosperity and pride in their work, rather than taking a day's pay for a day's work in the company, so that they can have more motivation to innovate and more willingness to innovate. Secondly, it is necessary to actively create a good organizational support and perception atmosphere. In order to make employees more confident and motivated at work, it is necessary to create a good perceived atmosphere of organizational support within the organization to stimulate employees' sense of self-efficacy. This atmosphere can be a harmonious relationship between superiors and subordinates, or a relationship between colleagues who trust and support each other. Finally, employees should be actively promoted to participate in the management of the organization. In order to let employees better participate in the organization management, it is necessary to let employees better understand and participate in the organization management. Only in this way can they have a greater sense of ownership and responsibility.

Research and development personnel are the main participants in the technological innovation activities of new energy enterprises. They have higher professional and technical level and higher human capital, which is the key factor determining their competitive advantage in the industry. In this case, many companies have adopted the method of basic salary plus performance salary to motivate R&D employees. Some studies have shown that performance pay is the most important way to motivate employees. According to Maslow's hierarchy of needs, it will have a significant impact on employees' attitude and behavior towards work. For example, the increase in salary will increase employees' satisfaction and loyalty, improve their work attitude and thus improve their work efficiency, and even reduce their turnover tendency. In addition, recent studies by most scholars have also confirmed the impact of performance pay on employees' innovative behavior from different perspectives. For example, the empirical study of Zhang Yong et al shows that performance pay has an "inverted U" -shaped relationship with employees' innovative behavior; However, somescholars have come to different conclusions through empirical analysis of the data of superior/member matching. The research results confirm that there is no significant correlation between performance compensation and innovation behavior. It is obvious that there is some theoretical conflict between performance compensation and employee creativity. Therefore, this project intends to take R&D practitioners of new energy enterprises as the research objects, and explore the mechanism of different types of R&D and performance compensation through empirical research, so as to provide



theoretical basis and policy suggestions for the application of R&D in R&D. In addition, regarding the relationship between innovation self-efficacy and innovation behavior, there are also great differences in the research results in the theoretical field. Some scholars regard it as an intermediary variable, such as Gu Yuandong et al., who regard it as an intermediary variable between organizational innovation climate and individual innovation behavior. At present, the academic research on the impact of performance pay and self-efficacy on employees' innovation behavior has not reached a mature stage, but only stays in the stage of theoretical exploration. There are still big differences in the research conclusions obtained by scholars. Especially in China, the research time on this topic is relatively short, and there is still a lot of room for further exploration and in-depth discussion. In addition, in the previous studies, scholars mainly conducted in-depth exploration and discussion from the individual level of employees, mainly focusing on the influence of employees' personal potential on the formation of innovative behavior, but did not do much in-depth research on the influence and role of the combination of salary and employee psychology on the formation of employees' innovative behavior.

## Theoretical Significance

In the enterprise innovation, performance pay can play a certain role in promoting. Research shows that performance pay can motivate employees to participate in innovation activities more actively. A study of high-tech companies by Steinfest and Zorn shows that performance pay prompts employees to work harder to find and explore new ideas and solutions. This effort leads to better innovation outcomes and drives the company's ability to innovate. In addition, performance pay can also help companies attract and retain more outstanding talents, thus improving the innovation level of the organization. Enterprises can define the career promotion path and reward mechanism of employees according to the performance pay plan, and provide more attractive welfare benefits and career development opportunities. These measures can effectively improve employees' job satisfaction and loyalty, and further stimulate their work motivation.

## Practical Significance

With the development model of the market economy is more and more healthy, stable and perfect, and China is also in the direction of innovation-driven continuous transformation and development, if a company wants to achieve greater development, it must take innovation as its main engine, and employees are the most important and the most important component of a company, in the 21st century, Human resources is the company's most important strategic resources, therefore, if a company wants to achieve sustainable development, it must pay enough attention to the psychological condition of employees. Based on the relationship among the four factors of organizational support, job prosperity, role width self-efficacy and employee innovation behavior, this paper helps enterprise managers to realize that self-efficacy can not only have a direct impact on individual innovation behavior, but also have an indirect impact on employee work psychology. And then indirectly affect the employees' innovation behavior. Through the research of this project, it can help the successor managers to formulate targeted countermeasures from the perspective of "humanization", so as to improve the psychological quality of the successor managers, and thus improve the successor managers' ability of innovation. On this basis, put forward the sustainable development and innovation of the countermeasures and suggestions.

# 2. Literature review

## 2.1 The impact of performance pay on enterprise innovation behavior

According to the comparative study of various models conducted by previous scholars, salary perception has a significant impact on employees' innovation behavior. Zhou Kong et al. believe that salary perception has a significant positive impact on employees' innovation behavior, which is more likely to activate employees' innovative thinking. Ma Xifang et al. investigated the influence of performance pay on employees' innovation behavior in their research, and found that performance pay can significantly improve employees' innovation intention by using experimental research methods. 1 However, MARCH J G et al. found that there was no significant difference in employees' innovation behavior at different salary levels, indicating that indepth research and analysis of employees' innovation process is very necessary. 2 M. R. Edwards proposed that employees' behaviors can be directed and changed, so they can be encouraged to be creative with monetary rewards. Eisenberger et al. 's results showed that rewards for innovative performance at work boost employee motivation, and that the higher the reward, the more significant the reward. Merriman et al believe that risk is one of the biggest characteristics of the way enterprises motivate employees when implementing performance pay. Employees may feel insecure and uncertain due to the implementation of performance pay, thus creating potential psychological pressure on employees' innovation behavior. 3 Green's research also shows that employees will worry about the uncertainty of their income due to the mental and spiritual tension and pressure brought by performance fluctuations. However, reasonable and moderate pressure and challenge can motivate employees to work to a certain extent. On the contrary, when the performance pressure brought by the performance pay system is too large, the employees will be worried about the uncertainty of their income. Which, in turn, will have an impact on employees' efforts. In addition, there is still no conclusion on whether the overall reward cognition has a direct effect on employees' innovation behavior, and whether the reward cognition has an effect on employees' innovation behavior through one or more ways.

## 2.2 The influence of self-efficacy on innovation behavior of enterprises

Many studies have shown that there is a strong correlation between employees' self-efficacy and their creativity in companies. TIERNEY P et al. 's research shows that employees' self-efficacy is a key factor affecting the execution effect of innovation plans. 4 Employees become more active when they believe they have the required technology, knowledge, and problem-solving skills. In addition, studies such as Ding Chen's show that a higher sense of self-efficacy in an organization will have a positive impact on the environment and behavior of innovation in the company. Such an atmosphere can encourage employees to actively come up with new ideas and dare to do

something new, making the company culture more open and creative. 5 In addition, Jiang Zhonghui et al. found that innovation self-efficacy can affect the innovation behavior of enterprises as a moderating variable, but there are still potential costs. Therefore, when promoting innovation, enterprises should pay attention to improving the combination of employees' self-efficacy with reality.

# 3. Conclusions

In general, existing studies mainly focus on the impact of individuals on individual innovation behavior, such as reward perception factor based on motivation theory and self-efficacy factor based on cognitive psychology, while integrative studies based on multi-dimensional perspectives are lacking. In fact, the performance of employees' innovative behavior is jointly determined by external environment, individual behavior and individual cognition of environment. If an enterprise wants to obtain sustainable competitive advantage, it must understand the internal psychological process of employees, combine it with internal and external factors of theorganization, and take corresponding measures to stimulate their creativity.

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