

The Current Situation and Optimization Countermeasures of Employee Compensation Management in Company Y

Bofan Zheng

*Hebei University, Baoding, China
3491513288@qq.com*

Abstract. In the context of global competition, scientific salary management is a crucial factor for enterprises to attract talents, enhance efficiency, and achieve sustainable development. This study takes Company Y as the research object and employs questionnaire surveys and data analysis methods. It reveals that the company's salary system has problems such as poor internal fairness and insufficient performance incentives. Based on this, the study proposes optimization suggestions such as establishing a position value assessment salary structure and establishing a dynamic performance salary linkage mechanism, with the aim of providing references for the improvement of salary systems in Company Y and other enterprises in the same industry.

Keywords: Salary System, Salary Management, Enterprise Management

1. Introduction

At present, China is in the beginning of its "15th Five Year" plan and it's an important time to create new quality productive force. As the pillars of the national economy, talent vitality can only be unleashed by good compensation management in central enterprises. In terms of policy, there is "Measures for the Management of Total Salary in Central Enterprises"(Order No.39), it stipulates standards and requirements: In total salary, there must be principles of benefits first, efficiency adjust, level control. Salaries can increase based on the company's economy and labor productivity, giving more priority to preferential treatment of frontline production and highly skilled people [1] Further deployment under the state-owned enterprise reform intensification and improvement action, it is necessary to emphasize that central SOEs should comprehensively carry out the downgrading of the worst-performing managers and forced exits. According to strong assessment outcomes there needs to be set up regular place adjustments for least graded staff members and those that aren't qualified. And this series of policies will not only plot the course of salary reform for central enterprises, but also have stricter requirements on management [2]. For the company, it will improve salaries, management systems that attract, retain & motivate front-line technical staff, project backbones for improving core competitiveness. At the same time, the gradually improving salary is also beneficial to employees' enthusiasm and happiness, improve the organization's salary ecology, and strengthen cohesion and improve comprehensive organization [3]. Therefore, the scientific design of the salary management system is closely tied to the implementation of corporate

strategy and the improvement of operational efficiency and quality. And it is also a very good institution to guarantee the sustainable and healthy development of enterprises.

Y Company is a subsidiary of a construction company, mainly undertaking the construction of new energy projects such as wind and photovoltaic power, becoming a key force for the parent company's new energy business. In recent years with the development of new energy, our company's scale has been growing larger. But its current salary system also has many problems under this new market situation, can not satisfy the needs of company development and talents competition. The topic is based on the research subject of Y Company and the theoretical basis of incentive theory. To systematically examine the current situation regarding the company's salaries, point out the existing problems and reasons for these issues, stress that salary design needs to balance fairness, competitiveness, incentive factors, etc., put forward corresponding countermeasures, so as to promote better co-improvement between companies and employees. Theoretical contribution of this paper can be said to have enriched the study on the salaries of subsidiaries under central enterprises, improve the application of incentive theory in project and technology intensive enterprise, provide some cases and theoretical references for future academic research. Practical contribution aspect is showing Y Company how to solve their salary problems, how to improve the system and keep their people; how the company can implement SASAC's related salary reform policy more smoothly. Providing some replicable, practicable reform references for companies in this industry. And it also can offer some management references for Y company as well as other similar enterprises: Salaries have to go hand in hand with the corporate plan; they should stick to being efficiency-based and performance-oriented, maintain both the inside and outside of the company fair, integrate with other parts like positions, performance, skills, careers, and the system; and create new distribution policies.

2. Theoretical research and literature review

2.1. Literature review

At home and abroad, scholars have carried out research on the compensation management. Smith also stressed that the compensation system needs to be linked up with organization strategy, internal fairness and external competitiveness have been taken into account [4]. Chen Ming and Zhang Hua found that the performance-based compensation in state-owned enterprises is positively correlated with performance, but is affected by the scientificity of the assessment [5]. Li Wei and Zhao Fang pointed out that the total wage management of central enterprises needs to be classified and stratified to cope with business diversity [6]. Wang Jing believes that the compensation in the new energy industry should be inclined towards technical backbones [7]. Zhang Qiang's research shows that when the floating compensation exceeds 50%, the incentive effect is significant [8]. Liu Jianjun proposed a project contribution point system for distribution [9]. Johnson et al. found that a skill-based compensation promotion system can enhance the retention of high-skilled talents [10]. Sun Xiaoming pointed out that the compensation of skilled talents in power central enterprises is related to the unsmooth technical channel [11]. Existing research lacks studies on the compensation system of project-based central enterprises in the new energy industry that combine policies and front-line characteristics. This paper will explore this issue.

2.2. Incentive theory

The motivation theory aims to explore how to stimulate, guide and maintain an individual's behavior by meeting their needs. This article uses the expectancy theory and the equity theory as the core analytical framework. The expectancy theory holds that the motivating force depends on an individual's expectations regarding the relationship among effort, performance and rewards. Whether effort can lead to high performance, whether high performance can result in the desired rewards, and whether the rewards are attractive [12]. Compensation design should make employees clearly understand the correlation between performance and rewards. The equity theory indicates that employees not only care about the absolute value of rewards, but also the relative value compared to colleagues and market levels. Unfairness will trigger complaints and a reduction in commitment, so it is required that the compensation system should take into account both internal and external fairness [13]. This study focuses on the characteristics of the new energy project subsidiary of Y Company, aiming to solve the practical problems such as insufficient salary incentives and the absence of flexibility mechanisms for project-based employees. It designs a dynamic compensation plan adapted to the cycle of wind power and photovoltaic projects.

3. Current situation of Y Company's compensation system

3.1. Company profile

Company Y has been deeply engaged in the power construction industry, with its business covering wind power generation, photovoltaic power generation, and energy storage, among others. The company has undertaken over a hundred large-scale power projects and currently has 260 employees. The rich construction experience and highly qualified professional team of the company have laid a solid foundation for the company's project performance and engineering excellence. Company Y takes "Building green and intelligent projects, fulfilling the wishes of customers and employees" as its corporate mission. Relying on the spirit of contract, it seeks survival by being trustworthy, behaving cleanly, and doing things honestly, and has won the reputation of being trustworthy and reliable, and worthy of trust. It has become a well-recognized enterprise in the industry and society. According to research, there are 1 general manager and 4 deputy general managers in the company. In terms of the company's organization, it has both functional departments and project department. In terms of the functional departments, there are comprehensive department, financial department, marketing department, operational department, security department and engineering department. They undertake different kinds of management and operation work in the company. The company's personnel are professional, with 37 staff members having different professional qualifications, 9 people being senior professionals, 41 intermediates, and 115 people with a bachelor's degree or higher, offering good talent assurance for project execution and engineering realization.

3.2. Current situation of compensation management

3.2.1. Compensation management system of Y Company

Company Y's salary management system is established and carried out by the General Affairs department. Department designs the salary structure including position pay and performance pay that is aligned with the companies' financial conditions as well as its business objective. The employee compensation of company Y mostly depends on the basic salary plus performance salary.

In this system, pay is based on the value of position; each person's income is decided by assessing their work in relation to that value. It realizes the idea of giving awards for high achievement and emphasizing significant positions, main talent, technical staff members, hard front-line positions, hoping that workers can boost their own work and skills.

Salary distribution is based on the personal salary distribution registration card system. Fill in the salary by the department head or personnel officer, have the employee sign it, and retain it for record.

Company Y has set up a hierarchical and classified salary management system. The board of directors decides on the salary budget, core index; the general manager decides on the budget and grants compensation to important posts. HR department takes care of the design, budgeting and management of the whole process. Business Departments offer professional assistance: Management & Operations Department does indicator calculation, Project management department carries out allocation check, Finance department is responsible for payment. Project Departments do secondary distribution and daily work on top of the total allocation. Grassroots unit leader reviews the distribution plan, personnel officer is in charge of distributing. And it's an integration between the businesses, finance and human resource.

In short, the characteristics of the Company Y's salary management responsibility system are top level decision making, professional specialization, business cooperation, hierarchical execution, comprehensive participation. With the clear allocation of responsibility it has separated and checked the strategic control, process management and micro-operation in compensation. It can ensure the company's overall control over labor cost, and also makes sure that salary incentive is very accurate to reflect the real condition of the business.

3.2.2. Salary composition of Y Company

The basic salary of Company Y is Position Salary+Overtime Pay + Seniority pay + Health Insurance Fee+ Sick Leave Pay The same day we pay out a basic salary, all sorts of insurances, income tax etc. as legally required under national law are also deducted from our employees.

Specifically, the monthly position salary is calculated based on the position salary standard and the number of working days of the monthly legally prescribed working hours. Overtime pay is based on the position salary standard as the calculation base. Its payment method is that the overtime pay for legal holidays is calculated at 300% of the daily salary of the employee; According to the relevant policies of the comprehensive calculation working hours system of the state, employees should first complete the 250 working days without legal holidays in the year, and then calculate the overtime pay based on the extended working hours. Seniority pay is calculated based on the cumulative working years of the employee in the company, and the annual seniority pay is 7-10 yuan per month. Health insurance fee is subsidized according to industry regulations and local labor department regulations. Social insurance refers to the personal deduction part of employees' old-age, medical, unemployment insurance, provident fund, and enterprise annuity, which is calculated according to the salary management section of the company's human resources management manual. Income tax deduction is based on the personal income tax that should be paid according to national laws and regulations. Performance salary is calculated and issued based on the company's issued salary total plan and the completion of business indicators, and is calculated and issued monthly.

4. Analysis and optimization suggestions for X Company's compensation system

4.1. Compensation system survey

To systematically evaluate the effectiveness and issues of Y Company's salary management system, this study conducted a salary satisfaction questionnaire survey among all employees. By collecting the employees' perceptions regarding salary levels, distribution fairness, performance assessment, and welfare development, combined with quantitative analysis, the aim was to identify the shortcomings of the system and clarify the direction for improvement. The specific research objectives focused on the following aspects: First, to assess the internal and external fairness and competitiveness of the salary system; second, to analyze the effectiveness of performance-based pay; third, to understand the employees' satisfaction with the welfare system and personal development; fourth, to explore the matching degree of the existing salary model with different departmental businesses, providing a basis for system optimization. The sample of this questionnaire survey consisted of 44% junior position employees, 30% management position employees, 25% middle-level position employees, and 1% other position employees.

4.2. Analysis of existing problems

4.2.1. Current status of the fairness and competitiveness of the compensation system

Based on the multi-dimensional investigation and analysis of employees' perception of salary levels, there is a significant differentiation in employees' cognition of the external competitiveness and internal fairness of the salary. At the external competitiveness level, compared with the local average salary, only 10 employees believe that their salary is slightly higher than the local average, 40 employees think it is roughly the same, and a total of 11 employees feel that their salary is slightly lower or significantly lower than the local average. Further comparison with the salary of the same position in the same industry shows that 27 employees think their salary is roughly equivalent to the industry level, but as many as 33 employees think their salary is slightly lower or significantly lower. This indicates that the company's salary attractiveness in the industry is relatively insufficient. At the internal fairness level, compared with other colleagues within the company, 46 employees think their salary level is roughly the same, but 11 employees feel that their salary is slightly lower or significantly lower.

From the analysis, it can be seen that Company Y has insufficient external competitiveness, and its salary lags behind the market, which will lead to difficulties in attracting talents, lack of internal fairness, and a higher risk of talent loss. The departmental differences within Company Y are most likely to trigger an employee fairness perception crisis, change their own investment, thereby weakening the "fair incentive" function of the salary. The company may face a higher risk of turnover, and the core departments may lose talents due to external competition pressure, while the functional departments may reduce collaboration efficiency due to weak internal fairness perception. The current status of the salary fairness and competitiveness is shown in Figure 1.

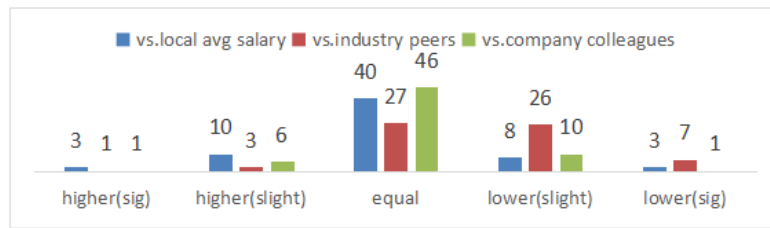


Figure 1. Multi-dimensional comparative analysis of employees' perception of salary levels at Company Y

4.2.2. Testing the incentive effects of performance-based compensation

Regarding the performance-based salary incentive results, from the survey we can see that most people's level of satisfaction is not high. More precisely, 32 people thought that the content and means of evaluation were mediocre and 7 persons felt dissatisfied or very dissatisfied. Concerning the overall evaluation system for the enterprise, 31 people had a neutral view, while another 7 were negative. Furthermore, when considering the timeliness of performance salary payment, although there were 12 people who thought it was so, there were also 14 people who did not like this and extremely disliked this, accounting for 13 people. It shows there are problems with incentives being fulfilled. The number of people who gave average scores on the assessment content and form is as much as half, it seems like performance standards are unclear, not in agreement with other people's opinions, difficult to operate. Employees can't expect to get high performance by making great effort. The second is about the performance-reward, many employees think its middle. That means that people do not believe their performance evaluation result will be rewarded fairly. Although the payment of performance salary was timely, due to lack of belief in the assessment and distribution system, it has turned into a certain but unremarkable subsidy in reality. It fails to motivate high performances. Figure 2 is the incentive results of the performance-based salary.

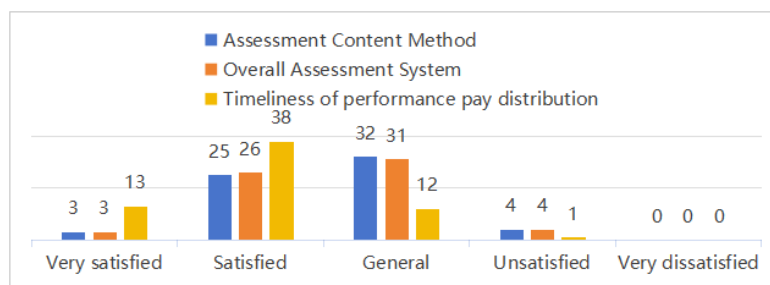


Figure 2. Distribution of employees' satisfaction with performance evaluation and performance-based salary payment

4.2.3. How to evaluate company benefits and personal future prospects

This radar chart measures employee satisfaction from five dimensions. Firstly, employees have the lowest satisfaction level regarding the overall salary level they currently receive. The very satisfied score is only 13, while the very dissatisfied score is as high as 26, a difference of nearly double. The satisfaction level for other allowances and subsidies provided by the company is also poor, with the very satisfied score being 20 and the very dissatisfied score being 26. The satisfaction dimension regarding the company's salary level shows a two-sided trend, with the very satisfied score reaching the peak of 35, but the very dissatisfied score still remaining at 22; the satisfaction dimension

regarding personal development is relatively high, with the very satisfied score for the self-capability improvement dimension being 32, much higher than the 19 of dissatisfaction. The satisfaction dimension regarding self-realization of value is the highest, with the very satisfied score reaching the peak of 35 and the very dissatisfied score being 19; the contour lines of each satisfaction level show a significant imbalance, and the five contour lines representing different satisfaction levels do not form a regular pattern, indicating that there are significant differences in employees' evaluations in different aspects; the very satisfied graph stands out at the two ends of self-value realization and the company's overall salary level, while the current overall salary level of oneself is severely concave; the trend of the very dissatisfied graph is roughly opposite, with the current overall salary level and other allowances of the company being the most expanded, and the self-capability improvement and self-value realization ends being significantly contracted.

The company's benefits and the individual's future prospects are shown in Figure 3.

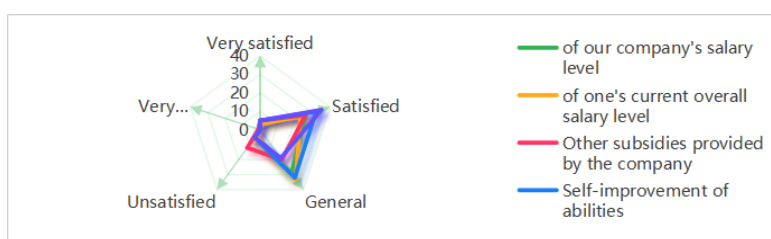


Figure 3. Company's salary level satisfaction radar chart

4.2.4. Investigating whether the unified salary management model is suitable for all departments

To investigate the applicability of the unified salary management model in different departments, we conducted a comparative analysis of the data of each department. As shown in Figure 4-5, there are significant differences in salary satisfaction among different departments. Employees in the project department have a higher satisfaction rate, with 14 expressing satisfaction, 2 expressing very high satisfaction, 16 expressing general satisfaction, and only 1 expressing dissatisfaction or very high dissatisfaction. In contrast, the satisfaction rate of some functional departments is lower. For example, in one functional department, 4 people rated it as general, and 1 person expressed dissatisfaction; in another functional department, although 1 person rated it as general, no one expressed dissatisfaction, but also no one expressed very high satisfaction. Moreover, a considerable proportion of employees in the production department and management department gave a general rating. These data indicate that the current unified salary management model has not fully adapted to the work characteristics and personnel composition differences of different business units.

The current unified salary management model does not take into account the work characteristics of different departments, resulting in insufficient adaptability for each department. Specifically, the project department operates based on the project-based model, and its salary structure is closely related to project revenue. It forms an incentive mechanism by directly linking performance bonuses with quantitative indicators such as project completion degree and profit margin. Therefore, the employee satisfaction rate is significantly higher. Functional departments have stable and procedural work content, and their performance results cannot be directly converted into economic indicators. The fixed salary in the unified salary system is too high, usually exceeding 70%, resulting in a weakened correlation between salary and actual contribution and a lack of perceived distribution fairness, leading to an average phenomenon of doing the same work differently. The production

department is affected by market fluctuations, such as seasonal variations in projects and changes in raw material prices. But the unified salary structure is inflexible and cannot link performance with pay. The satisfaction level of employees' salaries in different departments is shown in figure 4 as follows:

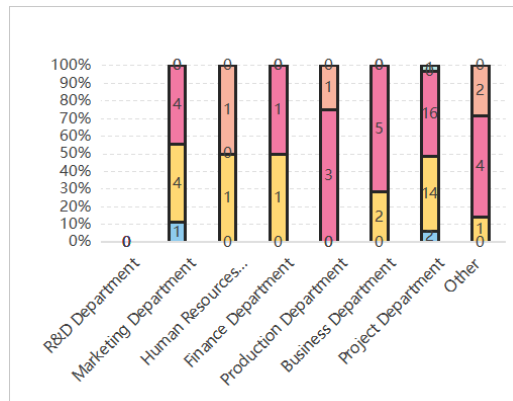


Figure 4. Comparison of employee salary satisfaction in different departments

4.3. Countermeasure suggestions

In response to the problems existing in Y Company's salaries, I will make some comprehensive suggestions for improvements:

4.3.1. Establish a compensation system that is both internally fair and externally competitive

Clarify the market position of important positions by doing authoritative salary surveys and give important people better pay according to what the compensation strategy matrix says. And at the same time build a job value evaluation system, to evaluate jobs cross-departments scientifically according to elements like duties, skills requirements, difficulty level etc., so that salary difference truly reflects different values, improve people's sense of internal fairness from the source.

4.3.2. Optimize performance linkage and repair the incentive chain

I would reconstruct these performance goals as a smart goal, and keep coaching them on a quarter to make their effort count for performance. Need to make it so that salaries are calculated and distributed as an institution to guarantee punctual, open payments, add detailed disassembly to pay slips, build a clear link between performance and reward again, and reconstruct incentive trust.

4.3.3. Design differentiated compensation structures and implement precise incentives

In other words, adopt many different types of payment arrangement based on various values for different variety of workers at the respective dept – go low fixpoint, high varpoints which is more close to production & design output performance. Go for "stable," "high fixpts", "medium vars" that is more related to admin & finances doing stable work. Meanwhile create a complete compensation system which involves advanced education, new creation rewards, recognition of reputation, various flexible working schedule, to satisfy different needs so as to increase people's satisfaction and commitment.

4.3.4. Strengthening implementation assurance and dynamic adjustment mechanism

First, make sure that there is full upper management support and enough resources. Second, do company publicity for the understanding and acceptance; Use the try first then spread strategy to gain experience and polish up the plan. Finally, we must set up a year review and dynamic adjustment system to calibrate regularly based on the company's strategies and changes in markets and employees' opinions. Make sure it stays valid and pertinent.

5. Conclusion and outlook

5.1. Research findings

To analyze the compensation management situation in company Y, to find contradictions of the salary incentive for the new energy engineering enterprise's employees and how we can make it better. The main discovery is that there's no internal fairness which hinders employee satisfaction because the salaries aren't the same for Project Department and Functional department due to different standards for performance and also there isn't a dynamic relation between performance based pay and benefit with what we give back. The answers given can help Company Y, also serve as reference for other companies to implement their own salary system, it's a real application of incentive theory in skilled enterprises.

5.2. Future research prospects

The first is to broaden it from one company, and do a comparative analysis on the entire ecosystem of compensation among the new energy industry, examining how different types of companies such as state-owned vs private companies will have differential impact when formulating and executing the compensation strategy. And secondly is that we need to improve how we do it, by using Big Data Analysis with dynamic models on all of those posts. Three: Strengthening the practical side: taking what was found as a way to take action in our management, being able to distribute more incentives. And combine it with organizational behaviors and labor economics to come up with better ways. Carry out long-term tracking investigation, establish the workers' work efficiency in different kind of compensation system, it can give some new viewpoint and theoretical driving for furthering this filed.

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