



Application and Practice Exploration of Total Compensation Strategy in the New Era

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Abstract. The total compensation strategy is a compensation system in which enterprises comprehensively encourage individuals or teams who have made contributions in order to achieve organizational strategic goals. It focuses on actions, attitudes and achievements that help organizations achieve organizational goals, including not only traditional salary items, but also capacity-building programs and non-material reward programs that motivate employees. Total compensation is not only to pay wages, but also a strategic management tool, which can help enterprises achieve their business goals and enhance employees' satisfaction and loyalty.

Keywords: Total compensation, external motivation, internal motivation.

1 Introduction

Total compensation strategy is a kind of salary management concept, which emphasizes that besides direct salary, such as basic salary and bonus, it should also include indirect salary, such as welfare, working environment, career development opportunities, etc., to motivate and retain employees. This concept holds that the value of employees lies not only in their work output, but also in their potential, growth and overall work experience [1]. Total compensation strategy is a kind of salary payment method widely implemented in developed countries at present. The concept of total compensation originated in the mid-1980s, when American companies were in the period of structural adjustment. Many companies changed from a position-based and relatively stable compensation strategy to a performance-based and relatively floating compensation strategy, which made the compensation and benefits closely linked with performance, thus resulting in the concept of "total compensation strategy". The salary paid by the company to the employees is divided into two categories: "external" and "internal". The combination of the two is called "total salary" [2].

2 Composition of Total Compensation Strategy

The total compensation strategy mainly includes external compensation and internal compensation. External "incentive mainly refers to the quantifiable monetary value provided for the employees. For example: short-term incentive salary such as basic salary and bonus, long-term incentive salary such as stock option, monetary benefits such as unemployment insurance and medical insurance, and other monetary expenses paid by the company, such as housing allowance, club membership card, company car allocation and so on [3].

Intrinsic motivation refers to the various reward values that can't be expressed in quantitative monetary form. For example, job satisfaction, all kinds of handy tools (such as good computers) provided to complete the work, training opportunities, opportunities to improve personal reputation (such as working for famous big companies), attractive company culture, cooperative working environment, and the company's recognition and gratitude to individuals, etc.

External motivation and internal motivation have different functions. They complement each other and are indispensable. Under the planned economy system in the past, we only emphasized the role of spirit and "ate from the same pot" in material reward, which hurt the enthusiasm of employees. Under the condition of market economy, we often ignore the spiritual incentives. Everything wants to use money to solve problems, and bonuses are deducted at will, which will also hurt the enthusiasm of employees.

Total compensation strategy is an employee-oriented comprehensive overall compensation design system, which can better meet the needs of employees in many aspects and has a stronger incentive effect. The key of "total compensation strategy" is to design the correct combination of reward plans, combine traditional salary items with new reward items, and give full play to the supporting effect of salary on organizational strategy. The research and practice of total compensation show that this compensation system can improve the productivity and retention rate of employees, and at the same time meet the external economic needs and internal psychological needs of employees, so as to attract outstanding talents from outside, motivate internal employees and reduce the brain drain rate to the maximum extent.

3 Characteristics of Total Compensation Strategy

Compared with the traditional compensation strategy, the comprehensive compensation strategy emphasizes external market sensitivity rather than internal consistency; Floating salary based on performance, instead of regular salary increase every year; This is a risk-sharing partnership, not a vested right. This is a flexible contribution opportunity, not a job. This is a horizontal flow, not a vertical promotion. This is the ability to get employment, not job security. This is a team contribution, not an individual contribution. Specifically, the total compensation strategy has the following characteristics:

Strategic. The key of total compensation management is to formulate a comprehensive compensation strategy according to the organization's business strategy and organizational culture. It focuses on all aspects of compensation that may affect the performance of enterprises. It requires all possible "ammunition"-basic salary, variable salary and indirect salary-to be used to achieve appropriate performance goals, thus trying to give full play to the supporting role of salary in organizational strategy.

Incentive. Total compensation management pays attention to the operation of enterprises and is a good communicator of organizational values, performance expectations and performance standards. It will reward results and behaviors consistent with organizational goals (the key point is to allow only those who perform well enough to satisfy the organization to get economic returns, and induce those who perform poorly to leave the organization). In fact, focusing on performance rather than hierarchical order is an important feature of the overall compensation strategy.

Flexibility. According to the total compensation strategy consulting company, there is no so-called best compensation plan applicable to all enterprises, or even an effective compensation plan for enterprises all the time. Therefore, enterprises should be able to design different compensation plans according to different needs, so as to fully meet the organization's requirements for flexibility and help the organization better adapt to the changing environment and customer needs.

Innovation. Similar to the old salary system, total salary management also follows some traditional management measures, such as income sharing. However, in the specific use, managers have adopted a different way, so that it can be applied to different environments and improved according to the time and place, so that it can better support the enterprise's strategy and various management measures. A very important point of the total compensation strategy is that the design of the compensation system must depend on the organization's strategy and objectives, and give full play to its good guiding role, instead of mechanically copying some original practices or simply copying the compensation plans of other enterprises.

Communication. The total compensation strategy emphasizes that the values, mission, strategy, planning and future prospects of the organization are passed on to employees through the compensation system, and the roles played by employees in the above elements are clarified, so as to realize the value sharing and goal recognition between enterprises and employees. In addition, total compensation pays a little attention to the process of formulating and implementing the overall compensation management strategy, because it regards the process of making plans and plans as a communication process. Enterprises must let employees understand why organizations should take some specific actions in the field of compensation through such a process.

4 Application of Total Compensation Strategy in Compensation Reform

The application of total compensation strategy shows some differences and characteristics at home and abroad. At the international level, the comprehensive salary strategy is a kind of salary payment method widely implemented in developed countries. The

total compensation strategy includes not only the traditional compensation items, such as basic salary, bonus, stock option, insurance, etc., but also the ability training scheme and non-material reward scheme that can motivate employees. This strategy emphasizes the supporting effect of salary on organizational strategy, and studies the influencing factors and mechanism of total salary design from the perspective of organizational management. On a global scale, the trend of salary and welfare is changing rapidly in the direction of immateriality. For example, the report "Global Salary and Welfare Trends in 2020" of Lyon Business School in France points out that enterprises in the future will pay more attention to the physical and mental health and security management of employees, and closely link employee performance and work experience with their overall return needs through personalized material returns. This shows that the concept and practice of total compensation are undergoing a large-scale deep change [4].

The application and development of total compensation in China enterprises also show some unique trends and challenges. For example, for foreign companies in China, the localization of salary management is an important development direction. While following the headquarters standards, these enterprises need to deeply understand and integrate into China's cultural, economic and legal environment, and make flexible localization adjustments. The research shows that the salary management of foreign companies in China has formed some characteristics in the localization development, such as the overall management and control of headquarters, the management mode of appropriate self-regulation in China, and the mixed salary strategy. However, this salary management model still fails to fully meet the market demand, and the challenges it faces include innovation, competitiveness and flexibility. Mengniu Group and Haier Group are typical representatives of the application of total compensation in Chinese enterprises.

Mengniu Group attaches great importance to employee experience and regards it as a product. They adopted a comprehensive salary system, including year-end salary review, to motivate and retain talents. Mengniu's comprehensive compensation system includes external compensation and internal compensation, such as formulating corresponding performance appraisal system according to the development stages and attributes of different business modules. In addition, they also adopted short-term, medium-term and long-term incentives, as well as multi-scenario incentives based on employee experience, such as birthday celebrations and birth gifts.

The compensation management of Haier Group also embodies the concept of total compensation. Their salary system is divided into economic salary and non-economic salary. Economic compensation includes performance salary, basic salary and direct compensation, as well as indirect compensation such as subsidies and insurance; Non-economic compensation includes factors such as job challenge, interest, personal style, leadership style, working environment and the leading position of the organization in the industry. Haier has also realized a platform-based organizational structure, which divides all personnel into platform owners, micro-owners and makers, and they turn around users. This structure keeps the organization highly flexible and adaptable.

The typical practices of Mengniu Group and Haier Group show how the total compensation strategy is successfully implemented in China enterprises, and how to

motivate and retain employees by comprehensively considering economic and non-economic compensation elements. These cases also reflect the flexibility and adaptability of the total compensation strategy in the process of localization.

Generally speaking, there are obvious differences in the application of total compensation in domestic and foreign enterprises, which is mainly due to the differences in cultural, economic and legal environment in different countries and regions. At the same time, the application of total compensation also reflects the concern about the diversified and personalized needs of employees, and how to better support the strategic goals of enterprises through compensation strategies [5].

5 The Significance of Total Compensation Strategy to Talent Incentive in State-owned Enterprises

The significance of comprehensive compensation strategy to the talent incentive of state-owned enterprises is mainly reflected in:

The first is to enhance the attractiveness of talents. In the face of market competition, state-owned enterprises can provide remuneration and benefits that are in line with the market and even more attractive by implementing comprehensive compensation strategy, thus attracting more outstanding talents.

The second is to stimulate the enthusiasm of employees through multi-dimensional incentives. Total compensation strategy includes not only material rewards, but also non-material incentives, such as career development, working environment, corporate culture, etc., which can stimulate employees' enthusiasm and creativity from multiple angles. A good salary system can make employees feel the care of the enterprise and enhance their sense of belonging and loyalty to the enterprise [6].

Third, by meeting the economic and non-economic needs of employees, the comprehensive compensation strategy helps to improve employees' job satisfaction and loyalty and reduce brain drain. Long-term incentives such as equity incentives and long-term performance bonuses can encourage employees to consider their personal career development from a long-term perspective and enhance their willingness to stay.

Fourth, the comprehensive compensation strategy can formulate differentiated incentive schemes according to the characteristics of different positions and talents, which is helpful to optimize the talent structure and ensure that the needs of key positions and core talents are met [7].

Fifth, in the process of promoting the reform of state-owned enterprises, the comprehensive compensation strategy can be used as an important part of the innovation of human resource management mechanism and promote the modernization of the internal management mechanism of enterprises. Through comprehensive compensation strategy, internal competition mechanism can be introduced to promote healthy competition among employees and enhance the overall vitality of enterprises. Comprehensive compensation strategy helps enterprises to establish a good employer brand, demonstrate social responsibility and responsibility through responsible compensation practice, and enhance public image.

In short, the comprehensive compensation strategy is of great significance to the talent incentive of state-owned enterprises, which can not only help enterprises attract and retain talents, but also promote the overall development of enterprises and the realization of national strategies.

6 Conclusion

Total compensation strategy is a comprehensive compensation management method, which not only pays attention to the basic salary of employees, but also includes welfare benefits, performance bonuses, equity incentives and other aspects to comprehensively consider the economic and non-economic needs of employees. The purpose of this concept is to motivate employees, improve performance, attract and retain talents, which has important strategic significance and practical value for human resource management of enterprises.

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