Incentive Practice of Large-scale Enterprise Technicians and Its Enlightenment to State-owned Enterprises

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Abstract. The importance of incentives in today’s corporate development is self-evident. This article selects several large enterprises that are at the forefront of corporate incentives as typical research objects for analysis, sums up some commonalities of typical enterprise incentive systems. On this basis, the article draws lessons from the typical cases of enterprise incentive system construction and make some recommendations for enterprises to make scientific and technological incentives.

Introduction

With the continuous establishment of the global value chain division of labor system, the competition between domestic and foreign companies has become increasingly intense, and companies are in urgent need of continuous development to improve their overall strength and international competitiveness. The importance of incentives in today’s corporate development is self-evident. Enterprises should pay full attention to the interaction between their own quality and the external environment. In combination with the external environment and experience, they should select the appropriate enterprise incentive mechanism so that the enthusiasm, initiative and creativity of the company’s managers and employees can be fully realized and show a virtuous cycle of self-development in market competition. To build a company incentive system, we must take the forefront of the world, conduct in-depth research on the practice of domestic and foreign advanced enterprise incentive mechanisms, absorb successful experiences, and obtain valuable "stones from other hills" to provide benchmarks for the new round of global competition.

Typical Corporate Incentive Sample Selection

This article has selected several companies that are at the forefront of corporate incentives - Siemens, Google, Schneider Electric, 3M, Huawei, Lenovo, Haier, etc., as the study objects of the classic case.

<table>
<thead>
<tr>
<th>Corporate</th>
<th>Business Type</th>
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<tbody>
<tr>
<td>Siemens</td>
<td>The main business focuses on four areas: industry, infrastructure and urban, energy, and medical</td>
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<tr>
<td>Schneider Electric</td>
<td>Electrician business</td>
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<tr>
<td>Huawei</td>
<td>Communication device</td>
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<tr>
<td>3M</td>
<td>Mainly focuses on tape production, other projects include printing systems, grinding, glazes, building materials, chemicals, protection products, photographic products, printing products, recording equipment, electronic products, health products, etc.</td>
</tr>
<tr>
<td>Economics and Technology Research Institute of CNPC</td>
<td>Corporate think tank</td>
</tr>
<tr>
<td>Google</td>
<td>Including the Internet and related businesses (including Google search, Google ads, maps, Youtube, Android, Chrome, Gmail and other businesses), hardware products business (including Chromecast, Chromebook notebooks, Nexus collection, and Google’s self-driving cars) and virtual reality products (Google Glass)</td>
</tr>
<tr>
<td>Lenovo</td>
<td>Information industry</td>
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According to a survey of typical domestic and foreign companies, the research team proposes five common characteristics of domestic and foreign corporate incentive mechanisms to provide reference and inspiration for improving the company's incentive mechanism. These five characteristics correspond to the five factors that influence the internal environment, the external environment, the incentive objects, the incentives, and the dynamics and flexibility of incentives.

**Typical Corporate Incentive Analysis**

**Feature 1:** Consistency between motivation and development goals

**Core characteristics:** The formulation of incentive mechanisms should be fully integrated with the company's own development goals and development characteristics.

**Specific practices:** 1) Innovation is the core spirit of the company and the basis for sustained and rapid development of the company. Effective incentive measures can continuously inspire the continuous creativity of the company's employees, thus ensuring the continuous innovation and continuous development of the company; 2) Talent is the first resources of the enterprise and reasonable incentives help strengthen the sense of responsibility of employees, enhance employee loyalty to the company, and help companies establish and improve management mechanisms for the introduction, cultivation, and retention of talents; 3) Incentives can meet employees’ own needs and achieve the employees’ own value, at the same time, help the company to increase the profit and expand the scale to a large extent. It is an effective means to help enterprises and employees achieve a win-win situation. 4) Enterprises that have achieved certain status in the market competition still
need to continuously improve the incentive mechanism in multi-levels with multi-measures. While maintaining the company's current performance, further expand the company's influence and make progress.

**Feature 2: The coordination of incentive and external environment**

**Core characteristics:** Established an innovative organizational system with clear hierarchy, reasonable division of labor, and effective connection, and deployed R&D institutions in major global markets.

**Specific practices:** 1) Established a clear hierarchy of research and development organizational structure. The research institute carry out basic forward-looking research and application technology research and development required by various business units. The R & D institutions of business unit focus on product which research and development activities in the business sector market demand; 2) Innovation chains were effectively linked. Each innovative subject is incorporated into the company's overall innovation chain, establishing close links with the upstream and downstream links; 3) Extend the innovation network globally. R&D institutions are located in all major markets in the world; 4) According to strategic position and innovation needs of different stages of development, flexibly adjust and constantly improve the innovation management system and architecture.

**Feature 3: Clarifying incentive targets**

**Core characteristics:** At present, the incentive methods other than equity incentives and dividend incentives are for all employees of the company. Equity incentives and dividend incentives in domestic companies are only for senior management personnel, scientific researchers, and key personnel.

**Specific practices:** 1) Companies generally value incentives. Incentives other than equity incentives and dividend incentives are geared to all employees of the company, with a wide range of incentive targets; 2) Most of the companies that implement equity incentives and dividend incentives for all employees of the company are foreign companies and domestic foreign-invested companies; 3) Affected by domestic policies, most of the state-owned and state-controlled enterprises in China must meet certain policy requirements and qualifications, and can only apply equity incentives and dividend incentives for senior management personnel, scientific research personnel and core staff.

**Feature 4: Scientific incentive methods**

**The main features:** Incentives are mainly divided into compensation incentives (medium and long-term incentives (equity incentives), dividend incentives), assessment incentives, growth incentives, spiritual incentives, environmental incentives, and basically all domestic and foreign companies adopt a combined incentive mechanism with a variety of incentives.

**Specific measures:** 1) Compensation incentives. Compensation is the guarantee that employees' basic physiology and safety needs are met, is the basis for their social, respect, and self-fulfillment needs to be met; 2) Medium- and long-term incentives (equity incentives) make employees and the company closely related, while gaining the benefits provided by the company, the employees will consciously share risks with the company, which will help employees to participate in the company's decision-making, reflect the status of the master, and at the same time are very beneficial to retain talents; 3) Dividend incentives. Incentives and corporate performance is linked to job performance and individual performance. This can achieve an effective binding of interests and the development of the enterprise and personal development naturally and can form a “commercial community”, where a win-win situation is the only goal. 4) Appraisal incentives, motivate employees can enable employees better understand themselves, give full play to their own advantages, break through their bottlenecks, and clarify the goals for the next step of career development; 5) Growth incentives can provide funds, environment and technical support for employees' development. It is to “enable it” and can improve the staff's business level, and achieve employees' self-motivation, so as to give full play to the employees' continuous creativity and realize the common growth of employees and the company; 6) Spiritual encouragement. Needs for respect and self-fulfilment is a higher level of demand that exceeds physiological needs and safety.
requirements. Spiritual incentives just meet people's need for respect and self-realization; 7) Environmental incentives. Good corporate culture can help companies form cohesion, attractiveness, development and market competitiveness. The relaxed environment allows employees to learn from different perspectives, collide with different ideas, enhance their personal level, and stimulate innovation.

**Feature 5: Dynamic and Flexibility of Incentives**

**Main features:** A good incentive mechanism is not static. It is based on internal reasons such as enterprise development and external factors such as market policy, and constantly integrates other excellent resources and tries to innovate.

**Specific measures:** 1) Incentive mechanisms will continue to evolve with changes in the company's own development stage; 2) The formulation of corporate incentive mechanisms will be adjusted in real time due to the influence of external policy market environment, and in particular, China's state-owned enterprises will be affected greatly by the policy environment in respect of the implement of equity and dividends incentives; 3) The combination of “taking in” and their own characteristics can help refer to the incentive mechanisms of other successful companies, and they should use their own characteristics to take their essence to the dregs and absorb external advanced experience through research and summary, and give full play to the incentive role of the company; 4) With the aid of a globalized innovation network, maximize the integration and utilization of global innovation resources, and constantly innovate incentive mechanisms.

**Typical Enterprise Incentive Experience and Enlightenment**

Science and technology innovation incentives should follow the basic laws of scientific and technical personnel management. The incentive mechanism must fully consider the characteristics of the incentive objects. Technicians have distinct characteristics that differ from other employees. Scientists and technicians generally have higher academic qualifications, certain professional expertise and high personal qualities. They are highly conscious of their sense of achievement and their desire to achieve self-worth is even stronger. In addition to material incentives, they need spiritual and environmental incentives. Scientists and technicians have strong creativity and autonomy in work. They pay more attention to self-guidance and self-management in their work, and can be lax about supervision and administrative orders. They have a higher level of demand, a higher expectation of salary than the average employee, and a stronger demand for relaxed, flexible and humane management methods. They expect to be valued, understood, and respected. Therefore, in the design of the incentive mechanism for state-owned enterprise science and technology personnel, the basic laws and regulations for the management of science and technology personnel should be followed in order to ensure that the incentives achieve the desired results.

Science and technology innovation incentives must adapt to the policies requirements of science and technology personnel incentives. State-owned enterprises act as the backbone of national economic development, and their state-owned assets have determined their particularity in the design of incentive mechanisms, especially economic incentives, and must be adapted to the requirements of relevant national incentive policies. The salary management of the company implements a budget management system for total wages, and the salary and rewards of R&D personnel are limited. With the promulgation of the Provisional Measures for Incentives on Equity and Distribution of State-owned Science and Technology Enterprises, it provides a new basis for incentives for state-owned enterprises' scientific and technical personnel. However, due to the gradual improvement of relevant policies, state-owned enterprises must always pay close attention to the strict control of the risk of the loss of state-owned assets and meet the relevant national policy requirements when formulating their own incentive policies.

Science and technology innovation incentives must consider the diversity of scientific and technological personnel. The technological innovation system of state-owned enterprises has its complexity and particularity, and the types of scientific and technical personnel are diverse. As far as research contents are concerned, there are scientific and technical personnel engaged in soft science research and also technical personnel engaged in technical research. As far as the nature of
the affiliated entity is concerned, there are scientific and technological personnel in scientific research units and scientific and technical personnel in industrial units. In terms of the nature of work, there are various kinds of scientific and technical personnel engaged in technical services, product development, applied technology research and development, and basic forward-looking research. Different research contents, nature of work, and company situation determine the differences in incentive methods for different types of scientific and technical personnel, such as choosing short-term incentives or medium- and long-term incentives, adopting equity incentives or dividend incentives, and whether the results-based transformation is the orientation. Based on the diversity of the company's scientific and technical personnel category, it is necessary to carry out the classification in the design of the incentive mechanism, and fully consider the relevant characteristics of the work of different types of scientific and technical personnel.

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References


