



# A Study on Strategic Compensation Management Strategies of Enterprises Based on Talent Reserve Construction

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## ABSTRACT

Compensation management is the process of implementation of enterprise salary and welfare and other compensation, but also the foundation of human resource management, which is of great significance to enterprise development and competition planning, and directly determines the quality of enterprise talent construction, therefore, we have studied the strategic compensation management strategy of enterprise based on the construction of talent reserve. That is to say, we analyze the association between talent reserve and enterprise payroll management, clarify the factors affecting enterprise payroll management and the management problems existing at present, and expound the enterprise strategic payroll management strategy based on the construction of talent reserve from the five aspects of enterprise strategy and target of talent reserve, payroll system, association between payroll and performance, immaterial supplementation, and dynamic payroll management, in order to promote the comprehensive development of the enterprise and increase the competitive strength of the enterprise's talents. It has made certain contribution to promoting the comprehensive development of enterprises and increasing the competitive strength of enterprises' talents.

**Keywords:** Talent Pool Building; Enterprise; Strategic; Compensation Management; Strategies

## INTRODUCTION

Against the background of increasingly fierce competition in globalization and fast-changing technology iteration, the competition among enterprises is no longer limited to the competition of products or services, but has turned to the competition of talents and knowledge at a deeper level. Talent as the core driving force of enterprise development, its importance is self-evident. An enterprise with a team of high-quality and high-potential talents can adapt quickly and innovate continuously in the complex and changing market environment <sup>[1-3]</sup>, thus maintaining a competitive advantage. With the changes of market environment and enterprise strategy, the compensation system needs to be dynamically adjusted accordingly. Enterprises should regularly review the rationality and effectiveness of the compensation system, make timely adjustments and optimization, and ensure that the compensation system is always consistent with the needs of enterprise development and employee expectations. Therefore, it is an inevitable choice to build an effective talent reserve system and supplement it with a scientific and reasonable salary management mechanism <sup>[4-6]</sup>.

Talent reserve refers to the enterprise to meet future development needs, through recruitment, training, retention and other means, to establish a certain number, structure and quality of the talent pool. The importance of talent pool is reflected in the following aspects: first, enhance organizational resilience, in the face of market fluctuations, technological change and other external uncertainties, adequate talent pool can ensure that enterprises can quickly adjust their strategies to fill key job vacancies <sup>[7-10]</sup>; second, promote innovation and development, talent is the source of enterprise innovation, diversified talent pool can stimulate innovative thinking, promote technology and management model innovation, and promote the continuous development of the enterprise. Diversified talent pool can stimulate innovative thinking, promote the innovation of technology and management mode, and push forward the development of the enterprise; Third, enhance the competitiveness, in the highly competitive market environment, a team of high-quality, high-potential talent is the key to stand out. These talents can create greater value for the enterprise <sup>[11-13]</sup>, enhance the enterprise's market position and brand influence; Fourth, to achieve sustainable development, the talent pool construction is an important part of the enterprise's long-term development planning,

the continuous training and introduction of talent, is of great significance. Research shows that competitive salary level is an important weight for enterprises to attract external talents. Through market research and salary positioning, enterprises can ensure that their salary level is attractive in the industry, so as to attract more high-quality talents to join<sup>[14-17]</sup>. In addition, the performance incentive, equity incentive and other incentives in the compensation system can stimulate the enthusiasm and creativity of the employees, motivate them to work hard for the realization of the enterprise's goals, and enhance the sense of belonging and loyalty of the employees. Therefore, this paper combines the talent pool and compensation management organically, and researches the effective strategic compensation management strategy of the enterprise with the orientation of enterprise strategy.

## 1 THE CONNECTION BETWEEN THE CONSTRUCTION OF TALENT POOL AND ENTERPRISE COMPENSATION MANAGEMENT

There is a certain correlation between the construction of talent reserve and enterprise compensation management, which is reflected in demand forecasting, talent incentive, talent retention and other aspects, and the correlation between the two features is shown in Figure 1 below.

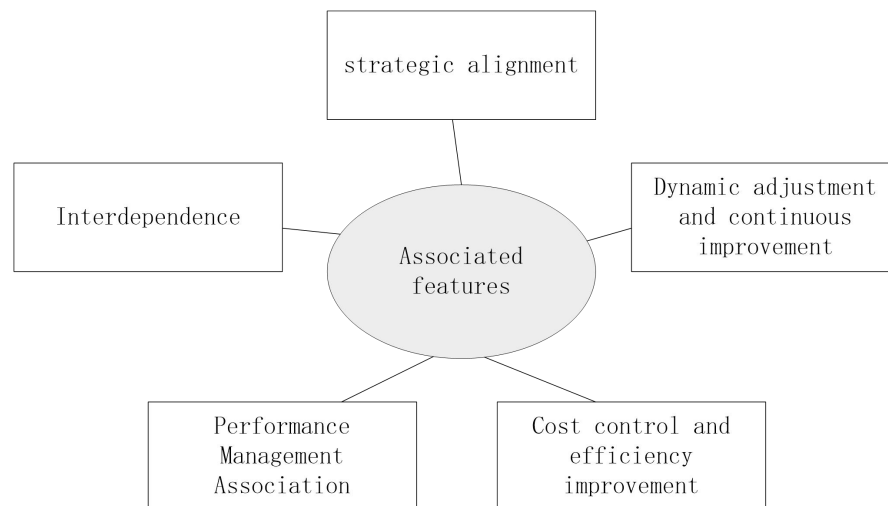


Fig. 1 Characteristics of the association between talent pool construction and corporate compensation management, the

As can be seen from Figure 1, the construction of a talent pool involves forecasting the future talent needs of an enterprise, not only in terms of the number of talents, but also in terms of the structure and quality of talents. Based on these forecasts, enterprises can formulate corresponding compensation strategies to ensure competitiveness in attracting and retaining key talents. If an enterprise predicts that the demand for talent in a certain field or department will increase significantly, it will adjust the compensation level of that field or department<sup>[18-20]</sup> to attract more outstanding talents to join. Talent pool building emphasizes the design of compensation structure to motivate employees and increase their motivation and creativity. Enterprises usually design compensation structures based on employees' abilities, contributions and market value to ensure fairness and incentives.

The ultimate goal of talent pool construction is to ensure that enterprises can quickly obtain suitable talent resources when needed. In order to realize this goal, enterprises need to retain the existing talent team through compensation management. Compensation management not only focuses on the salary level of employees, but also pays attention to the way of salary payment, benefits and career development opportunities, etc., which is of great significance in retaining excellent talents, reducing employee turnover and maintaining the stability of the talent team<sup>[21-23]</sup>. It can be seen that there exists a relationship of interdependence and mutual promotion between the construction of talent reserve and enterprise salary management. Talent reserve construction needs the support and cooperation of compensation management to ensure that enterprises can attract and retain high-quality talent resources; compensation management also needs to be adjusted and optimized according to the needs of talent reserve construction to better play its role in human resource management. Therefore, in the actual operation of the enterprise, should pay attention to the talent pool construction and salary management, forming a set of scientific, reasonable and efficient human resource management system, to provide a strong guarantee for the long-term development of the enterprise.

## 2 FACTORS AFFECTING REMUNERATION MANAGEMENT IN ENTERPRISES

The factors affecting the enterprise's payroll management are multifaceted and can be broadly categorized into three major groups: external factors, internal factors and individual factors, as shown in Table 1 below.

**Table 1** Factors affecting payroll management in enterprises

Influence factor	Specific
Corporate strategy and goals	Corporate vision and long-term goals, market competition positioning, human resources strategy
Financial situation	Profitability, cash flow situation, cost control ability
Organizational structure and job value	Organizational complexity, job importance and responsibilities, and job evaluation system
Employee performance and contribution	Individual performance, team performance results, employee growth and contribution
Internal fairness	The principle of equal pay for equal work, salary hierarchy and gap, and salary adjustment mechanism
Corporate culture and values	Corporate cultural atmosphere, embodiment of core values, employee satisfaction and loyalty
Market competition situation	Industry salary level, competitor salary strategy, talent market supply and demand relationship
Regional economic development level	Regional GDP and per capita income, cost of living differences, and labor market activity
policies and regulations	Minimum wage standards, tax policies, labor laws and regulations
socio-economic environment	Inflation rate, economic cycle, social consumption level and concept
Labor market conditions	Skills demand and supply, scarcity of special talents, expectations and preferences of job seekers
Industry characteristics and development trends	Industry maturity, technological innovation speed, future development potential and direction

As can be seen from Table 1, the factors affecting the enterprise's salary management are multifaceted. External factors: Laws and regulations formulated by national and local governments have a direct impact on enterprise salary management. For example, the minimum wage standard, overtime pay regulations, social security payment ratio, etc., are all necessary for enterprises to comply with when formulating payroll policies. Changes in these laws and regulations may lead to the need for enterprises to adjust their salary levels and structures. When the demand for a certain type of talent exceeds the supply in the labor market, enterprises often need to raise the level of compensation in order to attract and retain these talents<sup>[24]</sup>. On the other hand, if demand exceeds supply, firms may reduce compensation or take other non-compensation incentives. Changes in the price level directly affect the cost of living of employees, which in turn affects their expectations and demands for compensation. When prices rise, employees may ask for higher pay in order to maintain their standard of living. The salary level of the industry in which the enterprise is located is also an important factor affecting the enterprise's salary management. In order to maintain competitiveness, enterprises will usually refer to the salary level of the industry to formulate their own salary policy. If an enterprise's salary level is far below the industry average, it may lead to staff turnover and recruitment difficulties.

Internal factors: The operating conditions of an enterprise have a direct impact on its ability to pay remuneration. Enterprises that are doing well tend to have more profits to spend on compensation and thus can offer more competitive compensation levels. Conversely, a poorly run organization may need to reduce costs by lowering compensation or reducing benefits. An organization's compensation policy should be aligned with its overall strategy. For example, if an enterprise adopts a low-cost strategy, its compensation level may be relatively low; while if it adopts a differentiation strategy, its compensation level may be relatively high in order to attract and retain high-quality talents. The financial situation of an enterprise is also an important factor to be considered when formulating remuneration policy. Enterprises in good financial condition can afford higher compensation costs; while enterprises in poor financial condition may need to optimize the compensation structure or reduce the level of compensation to reduce costs. The culture and values of an enterprise may also affect its compensation management<sup>[25]</sup>. Some enterprises may focus more on long-term development and loyalty of employees, and therefore pay more attention to incentives and fairness in their compensation policies, while others may focus more on short-term cost control and efficiency improvement.

Individual factors: In order to motivate employees to improve their performance, enterprises usually adopt a performance-related pay system, i.e. the level of employees' pay is directly related to their performance. Different positions and abilities of employees contribute differently to the enterprise, so their salary levels will also be different. Enterprises usually determine the salary level according to the employee's position, work experience, professional skills and comprehensive quality and other factors. Employees' personal life situation, career development plan and family needs will also affect their expectations and requirements for remuneration. Therefore, when formulating remuneration policies, enterprises also need to consider the personal needs of employees in order to improve employee satisfaction and loyalty.

### 3 CORPORATE PAYROLL MANAGEMENT ISSUES

The current problems of enterprise salary management are multifaceted, these problems not only affect the operational efficiency of the enterprise, but also may have a negative impact on employee satisfaction and loyalty, therefore, the requirements of enterprise salary management are analyzed, as shown in Table 2 below.

**Table 2** Requirements for remuneration management in enterprises

Serial Number	Essential factor	Describe
1	Salary strategy	Ensure its close connection with corporate strategic goals
2	Salary Structure	Optimize salary structure to ensure fairness and motivation
3	Pay level	Regularly conduct market salary research
4	performance management system	Improve performance management system
5	Salary performance linkage mechanism	Clarify the specific rules and processes for linking salary and performance
6	Welfare and incentive policies	Enrich welfare programs, develop personalized incentive policies, and improve employee satisfaction
7	Transparency in salary communication	Strengthen salary communication, improve salary transparency, and enhance employee trust
8	Salary adjustment and growth mechanism	Improve the salary adjustment and growth mechanism to ensure reasonable salary growth for employees
9	Salary cost control and budgeting	Strengthen cost control to ensure profitability of enterprises
10	Compliance and Risk Management	Strengthen compliance training

As can be seen from Table 2, the salary level of some enterprises is out of touch with the market, failing to fully reflect the market value of the position and the actual contribution of the employees, making it difficult to attract and retain excellent talents. The salary structure is unreasonable, and the ratio of fixed salary to variable salary is improperly set, which fails to effectively incentivize employees to improve their performance. There is a lack of clear communication and explanation of remuneration policies, and employees do not understand the composition, calculation and adjustment rules of remuneration, which may lead to misunderstanding and dissatisfaction. The salary differences between different departments and positions within the same enterprise are too big or too small, failing to reflect the relative value of the positions and the individual contributions of the employees. The lack of uniform standards and procedures for salary adjustment leads employees to question the fairness of salary adjustment. Compared with other enterprises in the same industry and region, the enterprise's salary level lacks competitiveness, making it difficult to attract and retain key talents.

Performance appraisal standards are not clear and objective, making it difficult to accurately assess the actual work performance of employees. The results of performance appraisal are not effectively linked to salary adjustment and bonus issuance, resulting in the incentive effect of salary being greatly reduced. Salary adjustments are often based on the subjective judgment of managers or the overall operating conditions of the enterprise, rather than the individual performance of employees. The salary system of the enterprise is too fixed and rigid, and it is difficult to adapt to the market changes and the needs of enterprise development. Salary adjustment lacks flexibility and timeliness, and cannot effectively respond to external competitive pressure and market fluctuations. The enterprise's compensation management often ignores the individual needs and development differences of employees, and fails to provide diversified incentives and welfare programs.

Some enterprises lack a perfect payroll management information system, resulting in low efficiency in collecting, processing and analyzing payroll data. Compensation data involves the personal interests of employees and business secrets of enterprises, but some enterprises have loopholes and hidden dangers in data protection. Some payroll management teams lack professional payroll knowledge and skills, making it difficult for them to handle the complex and changing payroll management. Compensation management teams often focus on day-to-day operations and short-term goals, and lack an in-depth understanding and grasp of the company's strategic objectives.

## **4 STRATEGIC COMPENSATION MANAGEMENT STRATEGIES FOR ENTERPRISES BASED ON THE CONSTRUCTION OF TALENT POOLS**

### **4.1 Clarify corporate strategy and talent pool objectives**

An organization needs to clearly define its strategic objectives for long-term development, including market positioning, competitive strategy and business portfolio. These strategic objectives will have a direct impact on the compensation strategy. If the enterprise strategy is to pursue technological innovation and market leadership, then the compensation strategy should focus on attracting and incentivizing reserve talents with innovative ability and market insight. Therefore, according to the enterprise strategy, it is necessary to clarify the type, quantity and quality requirements of the reserve talents. This includes professional skills, work experience, educational background, personal qualities and other aspects. The development of a specific talent pool plan includes recruitment, training, promotion and incentives and other aspects.

### **4.2 Designing a competitive remuneration system**

Through market survey and competitors' analysis, we understand the salary level in the same industry and the same region to ensure that the salary level of the enterprise is not lower than the average level in the market. At the same time, according to the enterprise's own financial situation and strategic objectives, the upper and lower limits of the salary level should be reasonably set to maintain the controllability of the salary level. The basic salary should reflect the basic value of the position, the performance salary should be linked to the performance of the employee, and the bonus and benefits are used to incentivize the special contribution and long-term loyalty of the employee. Differentiated salary structures are designed for reserve talents at different

levels and in different positions to meet their individual needs.

#### **4.3 Strengthening pay and performance linkages**

Formulate clear performance evaluation standards and processes to ensure the fairness and objectivity of performance evaluation. The results of performance evaluation are closely linked to salary adjustments, promotion opportunities and welfare benefits, so that employees can feel the direct link between salary and performance. For the reserve talents with excellent performance, timely salary incentives and promotion opportunities are given to stimulate their work enthusiasm and creativity. Through the establishment of long-term incentives such as performance bonuses and stock options, reserve talents can enhance their sense of belonging and loyalty to the enterprise.

#### **4.4 Focusing on non-material supplements**

Provide clear career development paths and promotion opportunities for the reserve talents, so that they can see the possibility of growth within the company. Provide training and learning resources to help reserve talents improve their professional skills and comprehensive quality. Build a positive, inclusive and open corporate culture to enhance employees' sense of belonging and cohesion. Organize a variety of team activities and employee care activities to enhance the happiness and satisfaction of employees.

#### **4.5 Implementation of dynamic pay management**

Regularly evaluate the effectiveness and adaptability of the compensation strategy based on factors such as market changes, corporate strategy adjustments and employee performance. Based on the evaluation results, we adjust the compensation strategy in a timely manner to ensure that the compensation system is always in line with the corporate strategy and talent pool objectives. To establish a smooth communication channel on compensation and regularly communicate with employees on compensation policy, salary level and salary structure. Encourage employees to put forward their opinions and suggestions on compensation management to enhance their participation and sense of belonging.

### **5 CONCLUSION**

With the rapid development and popularization of information technology, enterprise payroll management has ushered in new opportunities for change. Through the introduction of advanced payroll management system and tools, enterprises can realize the automation, intelligence and precision of payroll management. It improves the efficiency and accuracy of payroll management, reduces management costs, and provides employees with a more convenient and personalized payroll service experience. In addition, technological advances also provide more data support and decision-making basis for the implementation of strategic compensation management. The implementation of strategic salary management enables enterprises to build up a set of salary system that conforms to the law of the market and adapts to their own characteristics, stimulates the enthusiasm and creativity of the employees, and promotes the unity, cooperation and common development within the organization. Combined with the current situation of enterprise development, this paper describes the effective strategic salary management strategy from different aspects, which contributes to the enhancement of the cohesion and centripetal force of the enterprise and the realization of the enterprise's development goals.



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