

# Incentive Pay Plan and Job Performance of Employees in Selected Huawei Stores in China

Ming Li\*, Adorg. Paulino

College of Business Administration, Polytechnic University of the Philippines, Manila, 0900, Philippines

**Abstract:** Focusing on Huawei's retail operations in China, this study endeavors to fill a notable gap in comprehending the intricate relationship between incentive pay structures and the job performance of sales employees. Despite extensive research on incentive pay and work performance, studies that delve into the technology retail sector in China, especially within the framework of a significant player like Huawei, are conspicuously scarce. This scarcity is notable given the rapid innovations, fluctuating market conditions, and evolving consumer preferences characteristic of the tech sector, which necessitate a nuanced understanding of how incentive pay programs influence sales team performance.

**Keywords:** Incentive pay plan, Performance-based rewards, Valence-effort-instrumentality.

## 1. Introduction

This article explores relevant issues through the study of Huawei's incentive mechanism - a cross layer research based on the HLM model, in order to better implement management innovation, maximize talent motivation, solve the most concerned problems of enterprises, and provide theoretical and practical references for companies facing this problem under the epidemic.

This chapter will be divided into three parts. Firstly, the research purpose, significance, and current development status of the industry at home and abroad will be clarified. Secondly, the target market will be investigated, and academic materials published in relevant fields at home and abroad will be studied and analyzed. Then, by designing a survey research plan to be adopted, the research objectives will be further clarified, and research methods suitable for Huawei will be selected. Finally, the research technology route will be determined to conduct research and exploration on Huawei's incentive mechanism.



Figure 1. The Expectancy Model

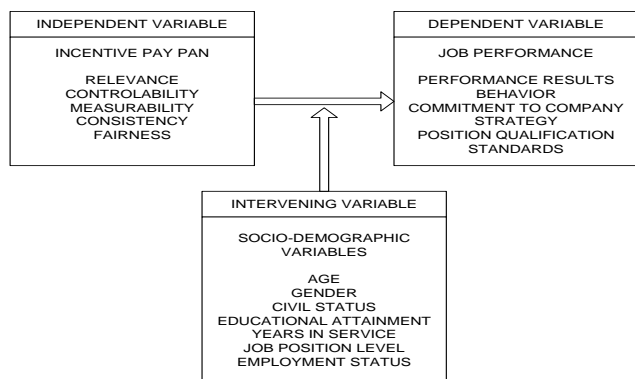


Figure 2. Research Paradigm

## 2. Research Theoretical Basis

### 2.1. Human Resource Management Theory

Performance management emphasizes the consistency between organizational goals and individual goals, emphasizes the synchronous growth of organizations and individuals, and forms a "win-win" situation; Performance management embodies the idea of "people-oriented", and requires the joint participation of managers and employees in all aspects of performance management. Equity incentive is an incentive method that grants certain economic rights to business operators through the acquisition of company equity, enabling them to participate in corporate decision-making, share profits, and bear risks as shareholders, and thus diligently and responsibly serve the long-term development of the company.

### 2.2. Hierarchical Linear Model

Hierarchical Linear Model (HLM), also known as mixed effect model, random effect model, or multilevel linear model, is a complex statistical model. In econometric literature, it is often referred to as Random coefficient regression models (Rosenberg, 1973; Longford, 1993). In some statistical literature, it is also known as Covariance components models (Dempster, 1993), Rubin, & Tsutakawa, 1981; Longford, 1987). Before conducting multilevel model analysis, researchers must decide on several aspects, including which predictive factors will be included in the analysis (if any). Secondly, researchers must determine whether the parameter values (i.e., the elements to be estimated) are fixed or random. Fixed parameters consist of constants for all groups, while random parameters have different values for each group. In addition, researchers must decide whether to use maximum likelihood estimation or limit the types of maximum likelihood estimation.

### 2.3. PEST

PEST analysis refers to the framework analysis of multiple fields such as macro politics, economy, and humanities. These factors will subtly influence the development of the industry or enterprise, and have a profound impact. Different enterprises and industries, due to their different needs, will

analyze PEST external environmental factors based on the four main factors that affect the enterprise: politics, economy, society, and technology, before formulating marketing strategies according to their different needs. The PEST analysis method includes the following four parts: politics, economy, society, and technology.

## 2.4. SWOT

SWOT analysis method refers to analyzing the internal and external strengths, weaknesses, competitive environment, potential risks, and competition of a company from a third-party perspective, starting from the four aspects that have a significant impact on the company's development. And quantitative analysis is conducted in the form of an icon matrix, which is widely applicable in enterprise strategic analysis.

## 2.5. Porter five forces analysis

The Porter's Five Forces Analysis Model is based on industrial organizational economics and summarizes five factors that have a significant impact on a company's development through big data analysis of market volume. These factors are: the bargaining power of suppliers, the bargaining power of buyers, the threat of potential competitors entering, the threat of substitute ability, and the current competitiveness of competitors in the industry. By analyzing the company's situation in these five aspects, we can objectively and effectively analyze the competitive environment of our customers.

**Table 1.** Following Likert Scale was used

Rating	Verbal Interpretation
5	Very Effective
4	Effective
3	Somehow Effective
2	Less Effective
1	Not Effective
Rating	Verbal Interpretation
5	Exceptional
4	Good
3	Satisfactory
2	Marginal
1	Unsatisfactory

## 3. Analysis of the Current Status of Huawei's Incentive Mechanism

Huawei is a representative of large private enterprises in China and a leader in the communication industry. The growth of Huawei has a huge impact and reference significance for other enterprises in China that are preparing and undergoing transformation and upgrading. In the process of Huawei's development into a large enterprise with international influence, it has undergone continuous changes in human resource management incentive mechanisms and the development of incentive systems is the main line supporting Huawei's continuous development. This chapter provides a brief introduction to Huawei and further analyzes the various development stages of its incentive mechanism, summarizing the characteristics of Huawei's incentive mechanism.

**Table 2.** Profile of Respondents According to AGE

Age	Frequency	%
20 years old and below	17	4.30
21-30 years old	257	64.30
31-40 years old	104	26.0
41-50 years old	22	5.50
Total	400	100.00%
Gender	Frequency	%
Male	286	71.50
Female	114	28.50
Total	400	100.00%
Civil Status	Frequency	%
Single	174	43.50
Married	226	56.50
Total	400	100.00%

## 4. Problems and Improvement Suggestions of Huawei's Incentive Mechanism

After twelve years of development, Huawei has successfully completed the start-up stage. The company's products have gone from filling in market demand to establishing a relative advantage in the industry today. Not only are the products excellent, but the company's entrepreneurial process has also relied on the courage, adventurous spirit, and innovative consciousness of entrepreneurs. Through unique business operations and a cohesive corporate culture, Huawei has achieved extraordinary development and completed the decades long journey of foreign large companies in technology in ten years. At the same time, it has established a relatively advantageous position in China's communication industry, laying a solid foundation for the company's next development. However, during the rapid development of a startup, the company has also accumulated many unresolved problems or contradictions. Chapter 4 mainly elaborates on the problems and improvement suggestions of Huawei's incentive mechanism, which will be divided into two parts: the main problems and improvement suggestions.

**Table 3.** Profile of Respondents According to JOB POSITION LEVEL

Job Position Level	Frequency	%
Rank-and-File Employees	298	74.50
Managerial / Supervisory	102	25.50
Total	400	100.00%

### 4.1. Rapid Development and Lagging Management of the Company

With the rapid development of enterprises and the continuous expansion of company scale, Huawei's organizational structure is becoming increasingly large and complex, and responsibilities and authorities between departments and positions are often unclear; The horizontal communication between major departments has stagnated, resources are difficult to share, and work efficiency has begun to decline. A practical problem caused by this is that the management cadres of the company generally feel busy with work and complicated affairs, often working overtime, but still feel powerless, and looking back at their work results, they are very limited.

**Table 4.** Profile of Respondents According to EMPLOYMENT STATUS

Employment Status	Frequency	%
Casual/Contractual Employee	254	63.50
Permanent/Tenured Employee	146	36.50
Total	400	100.00%

#### 4.2. The Spiritual Motivation is Somewhat Weak

Huawei's corporate culture incentives have to some extent overlooked the aspect of employee spiritual motivation, overly emphasizing modular work with high salaries and excellent performance. However, humans are a combination of emotions and rationality. Based on human instincts, spiritual motivation can enable Huawei employees to gain satisfaction from their work and is the most realistic way to motivate them. If work becomes a pleasure and employees can realize their own value, it will form a positive development.

**Table 5.** Assessment of the Effectiveness of the Incentive Pay Plan In terms of RELEVANCE

RELEVANCE	Mean	SD	Remarks
The incentive plan is directly aligned with the company's strategic objectives and goals.	4.27	1.656	Very Effective
The performance measures used in the incentive plan are specifically tailored to each employee's role and responsibilities.	4.52	1.515	Very Effective
The incentive plan motivates employees to achieve outcomes that are important to the company's overall strategy.	4.18	1.843	Effective
The incentive plan reflects the values and culture of the company.	4.45	1.611	Very Effective
The incentive plan encourages behaviors and actions that contribute to the long-term success of the organization.	4.64	.512	Very Effective
Overall	4.410	.4630	Very Effective

#### 4.3. The Company's Incentive Mechanism Needs to Be Improved

To better motivate employees and further improve Huawei's incentive mechanism, it is necessary to combine the current social development reality, fully consider the practical needs of employees, including material and spiritual needs, and fully reflect humanized measures in the incentive process. To this end, Huawei's incentive mechanism can be further improved from the following aspects.

**Table 6.** Assessment of the Effectiveness of the Incentive Pay Plan In terms of CONTROLLABILITY

CONTROLLABILITY	Mean	SD	Remarks
The incentive plan rewards employees for factors within their control, such as individual performance or specific targets.	4.31	.746	Very Effective
Employees have the autonomy and authority to make decisions that directly impact their performance and incentive payouts.	4.32	.789	Very Effective
The incentive plan provides employees with the necessary resources and support to achieve their performance targets.	4.27	.790	Very Effective
The incentive plan promotes collaboration and teamwork, rather than individual competition.	4.20	.763	Effective
The incentive plan focuses on areas where employees can make a direct impact on results.	4.45	.655	Very Effective
Overall	4.310	.5675	Very Effective

#### 4.4. Unequal Distribution of Equity and Outdated Distribution Strategies

However, with the gradual maturity of the market and enterprises, the exciting "chicken blood encouragement" has been replaced by the need for standardization and orderliness. Scientific and institutionalized job evaluation, promotion and demotion mechanisms, and long-term career planning have become increasingly important for both labor and capital.

**Table 7.** Assessment of the Effectiveness of the Incentive Pay Plan In terms of MEASURABILITY

MEASURABILITY	Mean	SD	Remarks
The performance measures used in the incentive plan are easily quantifiable and trackable.	4.38	.687	Very Effective
The factors contributing to incentive pay can be reliably measured and recorded in the company's information system.	4.40	.570	Very Effective
The incentive plan includes clear and objective metrics that can be easily understood and evaluated.	4.45	.688	Very Effective
The incentive plan utilizes industry-standard benchmarks and best practices for measuring performance.	4.26	.744	Very Effective
The incentive plan includes a system for tracking and reporting progress towards performance targets on a regular basis.	4.44	.602	Very Effective
Overall	4.386	.4667	Very Effective

**Table 8.** Assessment of the Effectiveness of the Incentive Pay Plan In terms of CONSISTENCY

CONSISTENCY	Mean	SD	Remarks
The criteria for determining incentive payouts are consistently applied to all participants in the plan.	4.18	.811	Effective
The framework for paying out incentives is clearly articulated and communicated to all employees.	3.73	1.242	Effective
The incentive plan follows a consistent structure and methodology for calculating payouts.	3.86	.990	Effective
The incentive plan is regularly reviewed and updated to ensure its continued relevance and effectiveness.	3.96	.856	Effective
The criteria for determining incentive payouts are transparent and understood by all participants.	3.67	1.136	Effective
Overall	3.878	.8509	Effective

## 5. New Scheme Design for Huawei Incentive Mechanism

### 5.1. Set Reasonable Salary and Benefits Through the HLM Model

Human capital is an important manifestation of capital under market economy conditions, and it should be combined with the market. Competitive compensation and benefits are formulated through market surveys. Therefore, this article suggests aligning the level and magnitude of compensation incentives with the market, conducting regular market research, and maintaining a certain proportion of synchronous growth with the increase of CPI value. For the creativity and scarcity of technology innovation talents, this article suggests setting higher standards of salary and benefits under the same conditions and market conditions.

### 5.2. Using SWOT Analysis to Optimize Promotion Channel Management

Promotion of positions also requires openness, fairness, and transparency. For Chinese enterprises, both state-owned and private enterprises generally have a negative corporate atmosphere such as nepotism. This atmosphere will inevitably result in capable employees not being promoted or valued, while incompetent employees can be promoted by fire. This atmosphere will greatly reduce the motivation and dedication of talents, and even lead to talent loss. Therefore, it is necessary to establish a fair, just, and open promotion mechanism.

### 5.3. Comparing PEST Analysis in the Industry, Setting Up Equity Incentives

Equity incentives have been implemented in many enterprises, and the practice of equity incentives has always been considered an extremely effective talent incentive measure and method. To a certain extent, equity incentives are also a form of material incentives. Equity incentives are a win-win incentive method for both enterprises and employees

themselves. For enterprises, they can reduce financial pressure, motivate employees, stabilize employees, and constrain employees. For employees themselves, they can work together with the enterprise, increase material wealth, and enhance their sense of ownership.

## 5.4. Integrate Human Resource Management and Develop Quantitative Performance Evaluations

When implementing quantitative performance evaluation, this article suggests that enterprises should combine it with the company's economic benefits during the implementation process. In addition, when implementing quantitative performance evaluation, companies should not neglect the assessment of job resources. Develop suitable and achievable job performance evaluations.

## 6. Summary

This article takes Huawei, a large technology innovation enterprise in China, as the research object, and systematically analyzes and studies talent incentives. This article summarizes the relevant research results on talent incentives, especially those related to technological innovation talents, both domestically and internationally. It summarizes the relevant policies and measures on talent incentives for technological innovation talents in China, and conducts research, analysis, and comparison on the incentive measures for technological innovation talents in benchmark enterprises such as Huawei in the industry. The common and characteristic problems in talent incentives are identified, and the causes of the problems are analyzed from three aspects: institutional mechanisms, cultural atmosphere, and management concepts.

By conducting research on Huawei's incentive mechanism - a cross layer study based on the HLM model - to explore relevant issues, in order to better implement management innovation, maximize talent motivation, solve the most concerned problems of enterprises, and provide theoretical and practical references for companies facing the same problem.

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