



THE OPTIMIZATION SCHEME OF HZ COMPANY'S SALES

STAFF SALARY SYSTEM



HU JIAQING
6417195057

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE MASTER'S DEGREE
OF BUSINESS ADMINISTRATION GRADUATE
SCHOOL OF BUSINESS
SIAM UNIVERSITY
2023**



**THE OPTIMIZATION SCHEME OF HZ COMPANY'S SALES
STAFF SALARY SYSTEM**

HU JIAQING

This Independent Study has been Approved as a Partial Fulfillment of the
Requirement of an International Master of Business Administration

Advisor:
(Dr. Zhang Li)

Date: 6 / 2 / 2024

.....
(Associate Professor Dr. Jomphong Mongkhonvanit)
Dean, Graduate School of Business Administration

Date: 10 / 4 / 2019
Siam University, Bangkok, Thailand

Title: The Optimization Scheme Of HZ Company's Sales Staff Salary System
By: Hu Jiaqing
Degree: Master of Business Administration
Major: International Business Management

Advisor:

.....
(Dr. Zhang Li)
..... 6 / 2 / 2024

ABSTRACT

Based on the SWOT analysis, the purpose of this paper was to study the optimization of the compensation system of sales staff in HZ Company. The three research objectives of this study were: 1) To analyze the current situation of key compensation system of sales staff in HZ Company; 2) To analyze the SWOT analysis of the compensation system of sales staff in HZ Company; 3) To propose optimization suggestions for the compensation system of sales staff in HZ Company.

The documentary research method was used in this study, comprehensively analysing the internal data of HZ company, industry reports and studies and literature review through the design and implementation of SWOT analysis method. The advantages, disadvantages, opportunities, and threats of HZ company's sales staff compensation system are comprehensively and deeply studied.

The findings of this study were: 1) The current situation of HZ Company was as follows: the sales team of HZ Company was divided into the main customer sales team and the regional customer sales team, and the sales staff occupied 56% of the total number of people in the marketing department. The average age of the sales staff was high, and their education level was high. The company's remuneration model was "basic salary + business commission + bonus", but the scope of implementation was limited, and some personnel still relied on fixed salary plus a certain percentage of business commission; 2) The SWOT analysis of the compensation system of sales staff in HZ Company showed that HZ Company had the potential to maximize market opportunities, mitigate threats, and improve the performance and competitiveness of its sales team through the optimization of the remuneration system, implementation of standardized management practices, promotion of digital transformation, and emphasis on talent development; 3) Suggestions for the compensation system of sales staff in HZ Company: Based on market conditions, job value, ability status, and performance

contribution, salaries were set for employees. Salary levels were designed using broadband salary ideas, and different salary modes and structures were established based on the value creation of sales positions at various levels. The company implemented a leading salary competition strategy and a following competition strategy. In conclusion, measures were taken to ensure the smooth implementation of the new program, systematically solve issues with HZ's sales staff remuneration system, and activate the sales staff's vitality and potential.

Keywords: HZ Company; Sales Staff; Compensation System; SWOT Analysis.

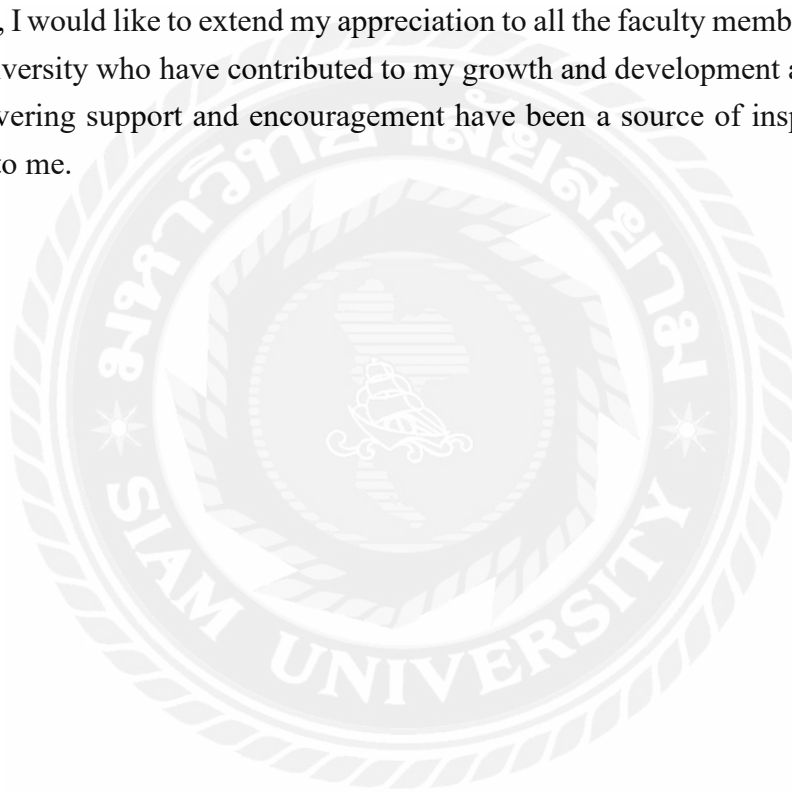


ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to my advisor, for his invaluable guidance, support, and encouragement throughout my independent study. His insightful comments and constructive criticism have significantly improved the quality of my work.

Additionally, I am grateful to Associate Professor Dr. Jomphong Mongkhonvanit, Dean, of the Graduate School of Business, for his support and encouragement throughout my studies. His dedication to the graduate program and commitment to excellence have inspired me to strive for academic excellence.

Finally, I would like to extend my appreciation to all the faculty members and staff of Siam University who have contributed to my growth and development as a student. Their unwavering support and encouragement have been a source of inspiration and motivation to me.



DECLARATION

I, *HUJIAQING* hereby certify that the work embodied in this independent study entitled “*The Optimization Scheme Of HZ Company's Sales Staff Salary System*” is the result of original research and has not been submitted for a higher degree to any other university or institution.

Hu Jiaqing

.....

HUJIAQING

December 26,2023



CONTENTS

ABSTRACT.....	I
ACKNOWLEDGEMENTS.....	III
DECLARATION.....	IV
CONTENTS.....	V
FIGURE CONTENT	VII
TABLE CONTENT	VIII
Chapter 1 Introduction	1
1.1 Background of the Study	1
1.2 Questions of the Study	2
1.3 Objectives of the Study	2
1.4 Significance of the Study	2
1.4.1 Theoretical Significance	3
1.4.2 Practical Significance.....	3
1.5 Definition of Key Terms	4
1.6 Limitations of the Study.....	5
Chapter 2 Literature Review	6
2.1 Introduction.....	6
2.2 Related Concepts	6
2.2.1 Sales Staff	6
2.2.2 Compensation	7
2.2.3 Compensation Systems	7
2.3 Related Theories	8
2.3.1 Motivation Theory	8
Hierarchy of Needs Theory:	9
Two-factor Theory:	9
2.3.2 Expectancy Theory	10
2.3.3 Equity Theory	11
2.3.4 Compensation Management Theory	11
2.4 SWOT Analysis	12
2.5 HZ Company Profile.....	13
Chapter 3 Research Methodology.....	15
3.1 Introduction.....	15
3.2 Research Design.....	15
3.3 Sources of Data	15
3.4 Data Analysis--SWOT Analysis Process	17
3.5 Conclusions.....	18
Chapter 4 Findings and Conclusions	19
4.1 Introduction.....	19
4.2 Current Status of HZ.....	19
4.2.1 Current Status of the Sales Force at HZ.....	20

4.2.2 The Current Status of HZ's Sales Staff Remuneration System.....	22
4.3 SWOT Analysis of the Compensation System of Sales Staff in HZ Company	23
4.3.1 Strengths of the Compensation System of Sales Staff in HZ Company.....	23
4.3.2 Weaknesses of the Compensation System of Sales Staff in HZ Company.	24
4.3.3 Opportunities of the Compensation System of Sales Staff in HZ Company	24
4.3.4 Threats of the Compensation System of Sales Staff in HZ Company	24
4.4 Suggested Optimization of the Compensation System of HZ's Sales Staff Using SWOT Analysis.....	25
4.5 Conclusions.....	26
Chapter 5 Recommendations	27
References.....	29



FIGURE CONTENT

Figure 4.1 Age Structure of Sales Staff in HZ Company.....	37
Figure 4.2 Educational Structure of Sales Staff in HZ Company.....	38



TABLE CONTENT

Table 1.1 Terms and Definition Used in this Study	16
Table 3.1 List of Background Research Materials for HZ.....	30



Chapter 1 Introduction

1.1 Background of the Study

Effective management of the sales force is vital to the success of sales-driven organizations. With the rapid development of economic globalization, fierce market competition has brought opportunities and challenges to various industries. In an increasingly competitive environment, the competition among enterprises, whether it is for capital or technology, is ultimately a competition for talents (Wang,2017). Approximately 15 million salespeople in the United States, representing about 10% of the entire U.S. labor force, serve as links between the customer and the firm (U.S. Department of Labor, 2018). Investments in these salespeople are approximated to be 10% of sales revenues and can reach up to 40% in certain industries (Heide, 1999). The U.S. economy spends more than \$800 billion on sales forces each year, nearly four times the estimated \$208 billion spending on media (\$98 billion) and digital (\$110 billion) advertising (Zoltners et al., 2013; Magna, 2018). As these significant figures suggest, personal selling represents one of the most important elements of the firm's marketing mixes, highlighting the importance of managing and motivating salespeople to achieve the organization's objectives.

As China's internet demographic dividend gradually fades, the cost of obtaining and converting traffic through internet advertising is increasing day by day. Against this backdrop, the value of OOH advertising, which is closely linked to consumers' life and work scenarios and incorporates technological capabilities and data, has gradually come to the forefront and has returned to the forefront of advertisers' minds, delivering a compound annual growth rate of 18.2% over the past four years and a business scale of over \$40 billion (Liu,2020). Outdoor media companies play an important role in the outdoor advertising industry chain. On the one hand, such companies can connect with advertisers and provide them with advertising space resources and advertising placement monitoring services, while on the other hand, they can connect with advertising agencies and provide advertisers with advertising content planning and production services. In recent years, as the degree of intelligence, wisdom, and digitization of outdoor advertising continues to rise and the demand for outdoor advertising continues to increase, various outdoor advertising media companies, especially those in the lift media segment, have started to "run for the hills", quickly and extensively carrying out media spot resources across the country to Since the second half of 2018, with the gradual completion of the media resource layout of lift media companies, how to make full use of the existing media resources, improve the

publication rate, quickly achieve the return of funds from the point layout, and comprehensively enhance the scale of the business has become a crucial life and death battle for all lift media companies at this stage (Liu,2020). The battle for life and death is crucial for all elevator media companies.

1.2 Questions of the Study

Although the core companies in the lift media sector have started their digital transformation, in terms of the current mainstream sales and operation model, lift media still belongs to traditional outdoor advertising, and the sales revenue of lift media operators still relies mainly on offline customer development by sales staff, whose competence, motivation and stability directly determine the company's performance.

Taking HZ Company as a case study, this study has gained an in-depth understanding of the company's current sales system remuneration situation, and through SWOT analysis, it has deeply analyzed the Strengths, weaknesses, opportunities and threats of the optimization of the current remuneration system of HZ Company's sales staff. The specific research questions are as follows:

1. What is the current situation of the compensation system of sales staff in HZ Company?
2. What are the strengths, weaknesses as well as opportunities and threats of the current compensation system of sales staff in HZ Company?
3. What are the SWOT optimization of the compensation system of sales staff in HZ Company?

1.3 Objectives of the Study

The main objective of this study is to comprehensively assess the optimization of HZ's sales force remuneration system by using SWOT analysis and to make corresponding recommendations. The specific objectives are as follows:

1. To explore the current situation of the compensation system of sales staff in HZ Company.
2. To explore the SWOT analysis of the compensation system of sales staff in HZ Company.
3. To propose optimization suggestions for the compensation system of sales staff in HZ Company.

1.4 Significance of the Study

Compensation management is an important element of business management, and whether the design of the compensation system is reasonable or not, and whether it is

implemented or not, directly determines the ability of the company to attract external sales talent and the ability to retain internal sales staff at all levels, so companies and their human resources practitioners should continuously improve their compensation system design and operation management. This paper takes HZ, a fast-growing company in the outdoor advertising industry segment of lift media, as a case study, and provides a comprehensive understanding of the company's current sales system salary situation. It has strong theoretical and practical significance. Theoretical and practical significance.

1.4.1 Theoretical Significance

This study draws on contemporary domestic and international theories related to the design of remuneration systems for program design, which helps to further promote the relevant theories. Secondly, with the gradual expansion of the outdoor advertising market in China, the research literature on companies in the outdoor advertising industry has gradually increased in the market, but there is relatively little research literature related to the remuneration system of the outdoor advertising industry. This paper selects the salary system of the sales staff of HZ, a fast-growing company in the lift media segment of the outdoor advertising industry, as the subject of this study, which will help to further enrich the salary research base of the outdoor advertising industry in China and enhance the community's knowledge of the salary of the industry as a whole.

1.4.2 Practical Significance

This study relates to the strand of literature on sales force compensation. The theoretical studies on this topic find conflicting results regarding components that constitute an optimal compensation system. Early works of Basu et al. (1985) and Rao (1990), under the principal-agent framework of H.lmstrom (1979), find that the optimal compensation system includes a salary and a nonlinear commission. More granularly, H.lmstrom and Milgrom (1987) and Lal and Srinivasan (1993) show that, in a multi-period setting, only a linear contract can achieve the first best outcome. In contrast, Oyer (2000) finds that a compensation system with a quota-bonus and a linear over-achievement commission is uniquely optimal when the participation constraints are unbinding. More recently, Sch.ttner (2016) derives conditions under which a commission plan dominates a bonus plan and vice versa, depending on the degree of the agent's responsiveness to incentives.

This study uses scientific salary diagnosis methods and salary system design methods and tools to gain an in-depth understanding of the salary situation of sales staff in Company HZ and its industry, and through scientific and systematic analysis, forms salary. The analysis tools and processes are of certain practical value for the future

optimization of HZ's remuneration system. At the same time, the author conducted in-depth discussions and analyses with the senior management of HZ in the course of the study, resulting in a remuneration proposal that can be implemented by HZ and implemented on the ground. From the results of the implementation in the pilot region, the optimized sales staff remuneration system has improved the motivation of the sales staff and the sales performance precipitate, which shows that the optimized remuneration scheme has real value.

1.5 Definition of Key Terms

There is a lot of terminology in this study, as shown in Table 1.1 below, which is about the terminology and related definitions used in this study.

Table 1.1 Terms and Definition Used in this Study

Term	Definition
Sales staff	Individuals or teams working in sales who aim to sell products or services to drive business growth for an organization by interacting with customers, facilitating sales and achieving sales targets, and who are typically responsible for tasks such as networking with potential customers, pitching products, closing sales agreements and providing post-sales support (Wanless & Judge, 2014).
Remuneration	Reward or compensation provided by an employer to an employee for his or her efforts and contributions at work. Compensation can take the form of base salary, bonuses, benefits packages, stock options, etc., and is designed to motivate employees to improve performance, increase job satisfaction and retain talent (Jensen, Murphy & Wruck, 2014).
Remuneration Systems	A set of rules, policies and procedures established by an enterprise for the purpose of administering and allocating compensation. The objective of the remuneration system is to ensure that

	<p>employees are remunerated commensurate with their job responsibilities and performance and to provide competitive compensation to attract, motivate and retain talent. (Kessler,2012).</p>
--	---

1.6 Limitations of the Study

The purpose of this paper is to conduct a SWOT analysis of the salesperson compensation system of HZ Company to reveal its internal strengths and weaknesses as well as external opportunities and threats. However, there are some limitations in this paper, including the following:

1. Data limitation: The findings of this paper are based on sales force compensation at HZ and may not be generalizable. There may be differences in the sales force remuneration systems of other companies and therefore cannot be directly generalized to other organizations.

2. Information access limitation: the data and information used in this study may have some sensitive business information that cannot be accessed, thus affecting the analysis and assessment of the compensation system and preventing a comprehensive understanding of HZ Company's compensation system.

3. Limitation of research objectives: the research objectives of this study mainly focus on optimizing the compensation system of sales staff in HZ Company, which cannot solve other potential problems or challenges, such as sales strategy, team management, etc., and additional research may be needed to improve it.

4. Time limitation: the research scope of this study is limited by time, which does not allow for a comprehensive assessment of the long-term changes and effects of HZ Company's salesperson compensation system. Long-term tracking and research will help to better understand the impact of the compensation system.

Chapter 2 Literature Review

2.1 Introduction

This study focuses on the optimization of the compensation system of the sales staff of HZ Company, and through the SWOT analysis method, a comprehensive assessment of the compensation system of the sales staff of HZ Company has been carried out. This chapter focuses on the relevant theoretical concepts and related research involved in the study of this paper.

2.2 Related Concepts

2.2.1 Sales Staff

Individuals or teams working in sales who aim to sell products or services to drive business growth for an organization by interacting with customers, facilitating sales and achieving sales targets, and who are typically responsible for tasks such as networking with potential customers, pitching products, closing sales agreements and providing post-sales support (Wanless & Judge, 2014).

Individuals or teams working in sales play a critical role in driving business growth for an organization. These professionals are responsible for identifying potential customers, actively engaging with them, and facilitating the sales process to achieve sales targets. The success of a sales team is directly tied to revenue generation and the overall success of the organization. Therefore, sales professionals must be equipped with the necessary skills and knowledge to effectively perform their duties.

Sales professionals are often tasked with various responsibilities, including networking with potential customers, pitching products or services, negotiating and closing sales agreements, and providing post-sales support. Networking with potential customers involves building relationships with individuals or businesses that may have an interest in the organization's products or services. Pitching products or services requires the sales professional to communicate relevant information about the product or service to potential customers to persuade them to make a purchase.

Negotiating and closing sales agreements require effective communication, negotiation skills, and the ability to understand the customer's needs and requirements. Providing post-sales support involves ensuring customer satisfaction by addressing any issues or concerns that may arise after the sale has been completed. Sales professionals must possess a strong work ethic, excellent communication skills, and the ability to work well under pressure to succeed.

2.2.2 Compensation

Reward or compensation provided by an employer to an employee for his or her efforts and contributions at work. Compensation can take the form of base salary, bonuses, benefits packages, stock options, etc., and is designed to motivate employees to improve performance, increase job satisfaction and retain talent (Jensen, Murphy & Wruck, 2014).

Compensation is the reward or remuneration provided to an employee by an employer for their efforts and contributions in the workplace. The primary objective of compensation is to motivate employees to perform better, increase job satisfaction, and retain talent within the organization. Compensation can take various forms, including base salary, bonuses, benefits packages, stock options, and more. Base salary is the fixed amount of money paid to an employee for the work they perform. Bonuses are additional payments made to employees based on their performance or other criteria. Benefits packages can include health insurance, retirement plans, paid time off, and other perks designed to support employees' well-being and work-life balance.

Stock options provide employees with the opportunity to purchase shares in the company at a discounted price, allowing them to benefit from the growth and success of the organization. Effective compensation strategies are critical for attracting, motivating, and retaining talented individuals in the organization. Employers must carefully design compensation packages that align with organizational goals, values, and culture. By providing competitive compensation packages, employers can create an environment that encourages employees to perform at their best and contribute to the overall success of the company.

2.2.3 Compensation Systems

A set of rules, policies, and procedures established by an enterprise for the purpose of administering and allocating compensation. The objective of the remuneration system is to ensure that employees are remunerated commensurate with their job responsibilities and performance and to provide competitive compensation to attract, motivate and retain talent (Kessler,2012).

The remuneration system is a critical aspect of an enterprise's compensation strategy. It consists of a set of rules, policies, and procedures that govern the administration and allocation of compensation. The objective of the remuneration system is to ensure that employees receive fair and appropriate remuneration based on their job responsibilities and performance levels. The remuneration system aims to provide competitive compensation to attract, motivate and retain talented individuals within the organization. The system must be designed to align with the organization's

goals, values, and culture. Additionally, the remuneration system must comply with relevant laws, regulations, and industry standards.

The remuneration system typically includes job descriptions, performance evaluations, salary surveys, and market analysis. Job descriptions outline the requirements and responsibilities of a particular role, while performance evaluations assess the employee's performance against specific criteria. Salary surveys and market analysis provide insights into industry trends and employee compensation levels. An effective remuneration system must be transparent, fair, and consistent. Employees must have a clear understanding of how their compensation is determined and the criteria used to evaluate their performance. Employers must regularly review and update the remuneration system to ensure that it remains competitive and aligned with the organization's objectives. By implementing an effective remuneration system, enterprises can attract, retain, and motivate talented individuals and foster a productive and satisfied workforce.

2.3 Related Theories

2.3.1 Motivation Theory

Motivation is the use of certain measures to motivate employees to act in a particular direction to help the company achieve a particular goal. With the continuous improvement of modern corporate governance systems, business owners and managers are paying more and more attention to employee motivation. According to motivation theory, the ability and motivation of employees are closely related to their performance in the company, and motivation directly determines the motivation of employees, i.e. it determines whether employees are willing to act in a particular direction by the company's instructions. Motivation should be based on the employee's current. In this way, the current needs of employees can be transformed into motivation to help the company achieve its goals (Steers, Mowday & Shapiro, 2004). In this context, many companies are constantly innovating ways of motivating their employees, for example, by setting bonuses and increasing benefits to meet their needs. Motivation theory suggests that there is a degree of a causal relationship between employee compensation and employee motivation. High pay is an important means of motivating employees, while at the same time, employees are motivated to perform their duties better and then receive more pay from the organization they work for. In summary, motivation theory examines individual motivation and incentives at work to understand how to stimulate employees' intrinsic motivation and provide appropriate incentives to drive performance. Some of the more influential research has been done on equity theory and expectancy theory.

Hierarchy of Needs Theory:

The hierarchy of needs theory plays an important role in modern payroll management systems and is one of their foundational theories. According to this theory, human needs can be divided into five levels, and the satisfaction of the needs of these five levels has a certain order of priority, only when the needs of the lower level are satisfied, the needs of the upper level will dominate in the minds of the employees, i.e.: when the needs of the next level are satisfied, the needs will transition to a higher level (Aram & Piraino,1978). These five levels of needs are, in descending order: physiological needs to meet basic survival (e.g. water); security needs to protect themselves from physical or emotional trauma; social needs in terms of affection, belonging, etc.; respect needs in the hope of social recognition or self-recognition; and self-fulfillment needs in the hope of giving full play to their abilities and achieving their future goals. In fact, if we look at this level of motivation alone, it is unlikely that any of the employee's needs at any level will be fully satisfied, but once the main elements of a need are met, the employee's core needs will shift.

According to this theory, if you want to motivate your employees effectively, you need to know clearly the core needs of your employees and use different combinations of remuneration and benefits to match the needs of your employees, for example, a fixed salary or a base salary to meet the basic needs of daily life, or a good career path to meet the self-fulfillment needs of your employees.

Two-factor Theory:

This theory was proposed by Frederic Herzberg and is also known as the motivation-health theory by the community. It focuses on issues related to the motivation of employees. In the two-factor theory, Herzberg classifies the factors of employees' satisfaction with their jobs into two types. In the two-factor theory, Herzberg classifies the elements of job satisfaction into two types, the first of which is to make employees experience satisfaction in the process of carrying out their work and in the results they achieve. The first is that which makes employees feel satisfied with the process and results of their work (Alshmemri, Shahwan-Akl & Maude, 2017). For example, giving employees responsibility for tasks that give them a sense of achievement, recognizing their commitment and performance, creating good conditions for their promotion, etc. The second category is matters that make employees feel dissatisfied with their work environment, work processes, and results, e.g. poor relations with superiors and subordinates, dissatisfaction with the company's rules, regulations, and management style, etc. The elements of satisfaction are defined by Hertzberg as motivational factors and dissatisfaction as a factor of satisfaction. Herzberg defines motivational factors and dissatisfaction factors as health factors. In this case, the improvement of the wellness factor does not motivate employees. does not motivate employees and make them more active, but it does reduce their negative

attitude toward work and their level of dissatisfaction. The improvement of the motivation factor, on the other hand, does not motivate employees and makes them more active. In Herzberg's view, there is only a difference between employees who are dissatisfied or dissatisfied with the health factor and those who are not. and the motivation factor is the difference between feeling satisfied and not feeling satisfied. For managers and operators, reducing the dissatisfaction factor can reduce or eliminate conflicts (Alfayad & Arif, 2017). However, there is no incentive for the employees, i.e. the improvement of the health care factor cannot make the employees feel satisfied, but the improvement of health factors does not make employees feel satisfied, it only makes them dissatisfied. To motivate employees, it is necessary to improve the motivating factors to make them feel satisfied. Wages are only a healthcare factor, and salary increases, and rationalization of the pay system can only partially improve, but not fully motivate. It should be a combination of all factors that work together.

2.3.2 Expectancy Theory

According to the Expectancy Theory, employees in a company have different expectations about the results their work will produce and their process actions, and they will only be willing to act on them if they find the expectations attractive. The theory interprets three main levels of association, firstly, the relationship between employees' effortful behavior at work and their performance output in the company, i.e. how likely it is that, in the employee's view, performance will be achieved as a result of hard work is high; secondly, the employee's confidence in receiving the reward he expects after achieving the agreed performance output; and thirdly, whether and how important the reward or other possible outcomes that the employee can receive after achieving the agreed performance are to the employee. However, as expectancy theory only states the impact of expectations and does not clarify how companies should be informed of what the specific expectations of employees are, it has been questioned by scholars from all walks of life as it lacks objective and uniform criteria for judging its practical application and can only be judged based on personal feelings.

On this basis, Vroom, Porter & Lawler (2015) have expanded on the content of expectancy theory. In their view, employees feel satisfied with the consequences their jobs bring them, rather than the source of their motivation to work; there is a correlation between employees' performance output, the pay they receive, and employees' satisfaction; differences in performance determine differences in pay, and differences in pay make differences in employee satisfaction. According to Porter and Lawler, companies should improve their payment systems in the following ways: firstly, by closely observing employees' perceptions of their performance output and the pay they receive, as perceptions vary considerably from person to person and are subject to

change, and managers must tell employees what they expect of their work so that they know exactly what performance means; secondly, whether companies can truly motivate their employees depends not only on their expectations but also on their satisfaction. Secondly, whether a company can motivate its employees depends not only on their expectations but also on the achievability of the performance standards set by the company for them. The enterprise should promptly ask each other to understand each other. Thirdly, when the employees have achieved the performance goals required by the company, the company should promptly find out from each other what rationalized needs they have and try to help them achieve them to help the employees improve their motivation.

2.3.3 Equity Theory

According to the equity theory, employees in a company will first measure their income from the work they do and then benchmark their income against other colleagues or even people from outside. If the comparison is fair, then they feel that it is fair; if not, they feel that it is unfair and try to correct it. For example, making a change in the ratio of what others give to what they get or leaving a job. The object of comparison involved in equity theory may be the employee's colleagues within the company, or the company's system, self, etc. According to equity theory, employees are not concerned with the absolute compensation they receive from the company, but rather with the relative compensation they receive in comparison with others (Adams, 2015). The company can adjust the principle and form of pay allocation to employees according to the fairness theory.

2.3.4 Compensation Management Theory

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction. An ideal compensation management system will help you significantly boost the performance of your employees and create a more engaged workforce that's willing to go the extra mile for your organization. Such a system should be well-defined and uniform and should apply to all levels of the organization as a general system. Plus, enjoy clearer visibility into individual employee performance when it comes time to make critical compensation planning decisions. With effective compensation management and enjoy clearer visibility into individual employee performance when it comes time to make critical compensation planning decisions. These performance appraisals assist in determining compensation and benefits, but they are also instrumental in identifying ways to help individuals improve their current positions and prepare for future opportunities. Human

Resource is the most vital resource for any organization. It is responsible for each, and every decision taken, each and every work done and each and every result. Employees should be managed properly and motivated by providing best remuneration and compensation as per the industry standards. The lucrative compensation will also serve the need for attracting and retaining the best employees.

2.4 SWOT Analysis

A SWOT analysis is employed to assess aspects of business in terms of the strengths, weaknesses, opportunities, and threats (Jackson et al., 2003). SWOT analysis was first proposed by a management professor at the University of San Francisco in the early 1980s (Puyt, Lie & Wilderom, 2023). The so-called SWOT analysis, that is, situational analysis, is to list various major internal strengths, weaknesses, opportunities and threats closely related to the research object through investigation, arrange them in the form of a matrix, and then use the idea of system analysis to combine various matching factors for analysis, and draw a series of corresponding conclusions. And these conclusions usually have some decision-making effect. A SWOT analysis can help a business gather resources and actions in their strengths and where they have the most opportunities and bring clarity to the business strategy. SWOT recognizes the important internal and external aspects of attaining a business's goals. The internal aspects refer to the features that are within the control of the business, whereas the external aspects are factors out of the businesses' control (Bull et al., 2016; David et al., 2017; Hill & Westbrook, 1997; Lee & Ko, 2000; Shariatmadari et al., 2013). Based on a mix of strengths, weaknesses, opportunities, and threats analyses, the SWOT analysis can be used effectively to produce alternative options for a business (Lee & Ko, 2000; Valentin, 2001; Wang, 2007; Weihrich, 1982). Such techniques can clearly clarify how strengths and weaknesses can be matched with opportunities and threats. Based on the internal and external factors, managers can develop four strategies, these are SO (strengths - opportunities), ST (strengths - threats), WO (weakness - opportunities) and WT (weakness - threats) (Bayram & Üçüncü, 2016; David et al., 2019; Povilanskas & Labuz, 2012; Thomas et al., 2014; Usman & Murakami, 2011).

Generally, SWOT analysis is an accurate and clear analysis method, which can more objectively analyze and study the actual situation of the unit. Enterprises can use this method to find out the factors that are beneficial to themselves and sustainable development, and the factors that are unfavorable to themselves and need to improve prevention, find problems and find solutions, so as to develop more safely and stably. From the results of the analysis, the enterprise can categorize the various problems, clarify which problems need to be addressed urgently, which problems can be solved later, which are strategic obstacles, and which are tactical problems. SWOT analysis

has a strong pertinency, managers can coordinate management according to it, make the right plan and decision.

SWOT analysis is often used to develop a company's development strategy and analyze competitors. In strategic analysis, it is one of the most commonly used methods. Is widely used to formulate corporate strategies and analyze corporate competitors because of its practical advantages. According to Ghazinoory et al. (2011), the most SWOT studies are case studies employed in different industries, while few papers are allocated to the methodological category and applied-methodological. Survey questionnaires are also widely used in SWOT studies (Dawes, 2002; Herdman et al., 2011; Hjermstad et al., 2011; Preston & Colman, 2000).

In a competitive environment, enterprises need to take advantage of any opportunity to optimize their business developments. A SWOT analysis is used more frequently than any other management technique. It helps managers to formulate competitive strategies in their business environments (De Boer et al., 2001; Dyson, 2004). As there is a great degree of uncertainty, businesses may use SWOT analysis to determine the strengths, weaknesses, opportunities, and threats implicated in a project (Akhavan et al., 2015; Azimi et al., 2011; Görener, 2012). Weihrich (1982) conducted the first application of SWOT analysis in the management and strategy formulation using the Volkswagen Company as a real-world example. A SWOT analysis has been used as a tool for strategic decision making and has been developed in various contexts (Catron et al., 2013; Hjermstad et al., 2011; Ip & Koo, 2004; Kajanus et al., 2012; Kangas et al., 2016; Leskinen et al., 2006; Shinno et al., 2006). This study, on the other hand, adopts SWOT analysis to study the optimization plan of HZ Company's sales staff remuneration system.

2.5 HZ Company Profile

HZ is a private technology media enterprise focusing on "traditional media + Internet" for middle-class communities, mainly engaged in the business of lift TV and lift frame media resources. At present, the company has deployed tens of thousands of lift smart screens in more than 100 cities in China, covering more than 40,000 communities and 200 million middle-class families. The core founding team of HZ has more than 10 years of media experience.

HZ Company is a rapidly growing private elevator media company, which mainly operates lift video and frame media advertising resources. For the rapid layout of the lift media market, HZ Company is significantly to the cities across the country to layout point resources, in the process of pre-running, HZ Company to take a high base salary protection, low commission incentives to attract a large number of traditional advertising company business personnel to join the pay strategy, making the enterprise

revenue rose significantly, but the HZ Company lacks standardized management of the sales team, the per capita performance of the sales staff is much lower than that of the However, HZ lacked standardized management of its sales team, and the per capita performance of its sales staff was much lower than that of its competitors, and the gap was increasing. In this case, in order to improve the stability and motivation of the sales staff, and comprehensively improve the human effectiveness of the sales staff, HZ Company urgently needs to optimize the compensation system of the sales staff and think about how to systematically use the compensation system to pry the human effectiveness of the sales staff of the whole company to improve in a short period of time.



Chapter 3 Research Methodology

3.1 Introduction

The purpose of this chapter is to introduce the methodology adopted in this study in order to comprehensively and systematically analyze the SWOT analysis of the optimization of the sales force remuneration system of HZ Company. The advantage of SWOT analysis is that it can comprehensively and systematically analyze the internal and external environments in which the company operates, thus providing an important decision-making basis for the company. Through SWOT analysis, we can assess the strengths, weaknesses, opportunities and threats of the optimization of HZ Company's sales staff compensation system, thus providing valuable suggestions and strategies for the development of the industry. This study draws on management knowledge to provide an in-depth analysis of the subject of the study and to propose detailed optimization plans and safeguards in line with HZ's actual business needs.

3.2 Research Design

This study employed a variety of analytical methods in order to comprehensively assess the optimization of HZ's sales force remuneration system. In terms of literature review, the study sorted out the research results and theoretical frameworks of related scholars in the field of compensation system, and further explore the latest development and future trends in the field. Meanwhile, based on SWOT analysis, the study focused on the strengths and weaknesses of HZ Company's salesperson compensation system in the market competition, identify potential market opportunities and threats faced, and provide corresponding optimization solutions and suggestions on this basis.

3.3 Sources of Data

This study mainly uses the following three data sources for analysis. The data for this study were collected with representative samples and data reliability, among others. Therefore, this study ensures the accuracy and reliability of the data and observes the relevant code of research ethics and privacy when using the following sources to obtain the data.

Internal Data of HZ Company:

This study obtained internal data related to the compensation system of HZ Company's sales staff. These data include the current compensation structure, performance evaluation indicators, sales targets and incentive mechanism, etc., which provide detailed and accurate compensation information as well as relevant sales

performance and target data for this study. As shown in table 3.1 below. These data can be used to formulate specific remuneration system optimization plans and help assess the effectiveness of improvement measures.

Table3.1 List of Background Research Materials for HZ

Category	Topic of Information	
Company Profile	1	Annual Summaries
	2	Promotional materials and internal publications
	3	Future strategic layout planning materials
	4	Current status of shareholding structure, shareholders' distribution concepts, future shareholding plans of the company and the list of persons to be granted share incentives and other relevant documents
	5	Staff List
	6	Marketing Department Employee Biographies
	7	Middle and senior work division introduction information
Organization & Employee Performance	8	Organization Chart
	9	Functional descriptions and job responsibilities of each department
	10	Departmental authority manual
	11	Marketing department core business processes, management processes
	12	Position core competency related documents
	13	IT system information
	14	Human resources and performance competence analysis indicators (including relevant data)
Employee Management & Motivation	15	Remuneration system, benefits system and other related documents
	16	Detailed data on the income of employees in each department
	17	Recruitment, training, promotion, career development and grading documents
	18	Performance appraisal management system and supporting documents
	19	Employee performance files of each department

Industry Reports and Studies:

The Study has obtained research reports, survey results and best practice cases on sales force compensation systems in the industry from market research firms, business consulting organizations or industry associations. These data can help assess the strengths and weaknesses of HZ's existing compensation system and provide alternative

solutions that may work.

Literature Review:

Literature on China's TV shopping industry over the past decade is obtained by collecting relevant literature, including academic journals, professional reports, and industry statistics. Through literature combing and data integration, we understand the background knowledge, research status and research results of the sales force compensation system, and study in depth the internal and external factors of the optimization of the sales force compensation system to capture the key insights and laws. Based on the SWOT analysis framework, we summaries and conclude the SWOT factors of salesperson compensation system optimization in HZ, so as to enhance the credibility and depth of the study.

3.4 Data Analysis--SWOT Analysis Process

This study collects relevant data and information, comprehensively applies SWOT analysis, and proposes a series of targeted solutions to optimize the compensation system of HZ Company's salespersons, so as to improve the motivation and efficiency of salespersons and increase the company's performance and profit. The following is the SWOT analysis tool to analyze the compensation system of sales staff in HZ Company.

Strengths:

1. Existing literature and research results can be referred to and learnt from.
2. This study collects and analyses relevant data and information, and the research questions are closely related to the actual needs of enterprises.
3. HZ's high base salary guarantee can attract traditional advertising agency business personnel, excellent sales staff to join, and increase corporate revenue.
4. HZ Company's low commission incentive can reduce the risk pressure of the sales staff and increase the stability of the sales staff.
5. HZ Corporation provides additional incentives and benefits to motivate salespeople and increase performance.

Weaknesses:

1. The available data may not be comprehensive or accurate enough and there is a lack of in-depth analysis which affects the credibility of the findings.
2. This study may affect the depth and breadth of the study in terms of time and resource constraints
3. HZ Company's compensation system lacks flexibility and cannot be adjusted in time to cope with market changes, and there may also be inequitable distribution of compensation, which may lead to employee dissatisfaction.
4. Lack of standardized management in HZ Company may lead to increasing

performance gap in the sales team, which may affect the overall sales effectiveness.

5. HZ's low commission incentives may lead to low motivation of the sales force, which may affect the performance.

Opportunities:

1. This study can investigate and learn from other companies' and industries' compensation schemes, collect more data and information, and improve the depth and breadth of the study.

2. The lift media industry is in a fast-growing stage with huge market potential, and the compensation system can be adjusted to meet the market demand.

3. Digital transformation provides salespeople with more opportunities and tools to develop customers as well as improve sales results.

4. Digital transformation can drive collaboration between sales and other departments to develop new business opportunities.

Threats:

1. Competitors may offer better compensation packages to attract talented salespeople, increasing the brain drain from the sales team.

2. Instability and low motivation among salespeople may lead to customer attrition and declining performance.

3.5 Conclusions

SWOT analysis is an effective tool to help identify the key elements affecting the optimization of the sales force compensation system at HZ. In this paper, a comprehensive SWOT analysis was conducted by integrating three data sources. By designing and implementing the SWOT analysis, a comprehensive and in-depth study of the SWOT of HZ Company's sales force compensation system has been conducted, and the results of the SWOT analysis of HZ Company's sales force compensation system have been interpreted and discussed. The paper describes in detail the strengths, weaknesses, opportunities and threats of HZ Company's salesperson compensation system, which provides valuable strategic advice for HZ Company's decision makers and strategic insights for the sustainable development of the industry.

Chapter 4 Findings and Conclusions

4.1 Introduction

The purpose of this study is to explore the internal and external factors for optimizing the compensation system of sales staff in HZ Company and the impact of these factors on the development of the industry through SWOT analysis. For HZ Company, the use of SWOT analysis can help HZ Company gather resources and actions in more areas of strengths and opportunities and make the blueprint for the company's future development clearer. By integrating four sources of data such as internal data of HZ company, industry reports and studies, employee questionnaire and literature review, this study draws important research conclusions on the optimization of HZ Company's salesperson compensation system, which are described and analyzed in detail in this chapter to provide strategic recommendations for HZ Company's decision-makers.

4.2 Current Status of HZ

HZ's main business scope is advertising production and release, advertising agency, advertising design and marketing planning, business information consulting, etc. The main business is the development and operation of community lift media, and the core products are elevator.

The company's main business is the development and operation of community elevator media, with core products such as intelligent screen media outside the lift, intelligent screen media inside the lift, lift frame media, and lift seismic early warning system, etc. The core products focus on covering the life scenes of urban middle-class families. The company currently adopts a matrix control model, on the one hand, through the group level, regional level, city level of the class members of the control and decision-making of the business affairs at all levels, on the other hand, through the professional lines of the management of the counterparts. HZ company also leverages on the big data of BAT and strategic investors, AIOT and other technologies of BAT and strategic investors to build a scenario marketing platform for the interconnection of everything, and to achieve the whole chain of lift media advertisements in terms of "people, goods, field and time", It has strong competitiveness and high market position. From the perspective of the development scale of the company, it has already had high market awareness and customer awareness.

4.2.1 Current Status of the Sales Force at HZ

Within HZ, the team responsible for the development and relationship maintenance of large advertisers is defined as the major account sales team, while the team responsible for the business development and relationship maintenance of small and medium-sized advertisers is defined as the regional account sales team. The major account teams are generally gathered at the group headquarters or at the level of each regional company, while the regional account teams are mainly concentrated within the city subsidiaries.

In terms of the number of personnel, the marketing department of HZ Company has a total of more than 2,500 people, of which sales staffage's and sales assistants directly engaged in frontline sales account for 56% of the total number of people in the marketing department, and sales staffage's responsible for the management of the sales teams account for

Sales staffage's responsible for sales team management accounted for 26% of the total number of people in the marketing department (with an average management width of 2.1 people), and sales support staff responsible for sales channels, sales process and after-sales support accounted for 18% of the total number of people in the marketing department.

In terms of age structure, as HZ has been favoring personnel with experience in traditional media companies, the average age of its sales staff (over 30 years old) is relatively higher than that of other competitors in the industry. Among them, only about 20% of the employees are younger than 25 years old, and 45% of the employees are between 31 and 40 years old. In terms of working age, due to HZ's large-scale market expansion in the previous few years, the age of its sales staff is generally lower. As shown in figure 4.1.

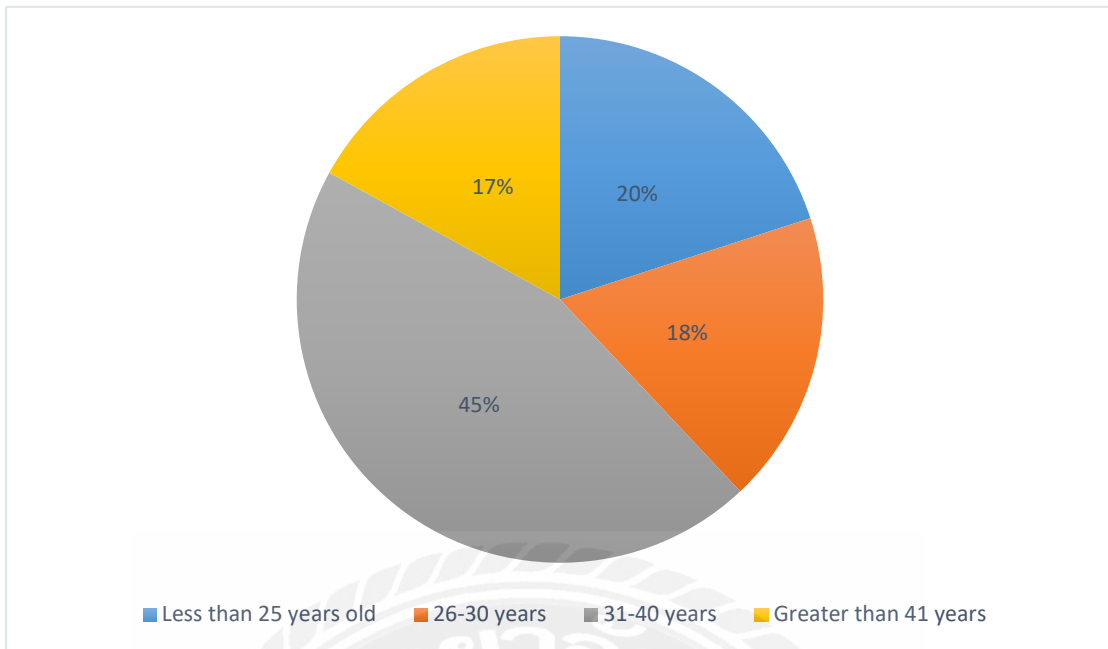


Figure 4.1 Age Structure of Sales Staff in HZ Company

The working age of its sales staff is generally low. The analysis of working age data shows that the average age of all sales staff is less than one year, and the proportion of sales staff with less than half a year's working age is more than 30%, and the proportion of sales staff with more than two years' working age is less than 7%.

In terms of education, the overall education level of Company H's sales team is higher than that of other smaller competitors in the industry. More than 90 per cent of the team has a college degree or higher, and just under 2 per cent have a master's degree. As shown in figure 4.2.

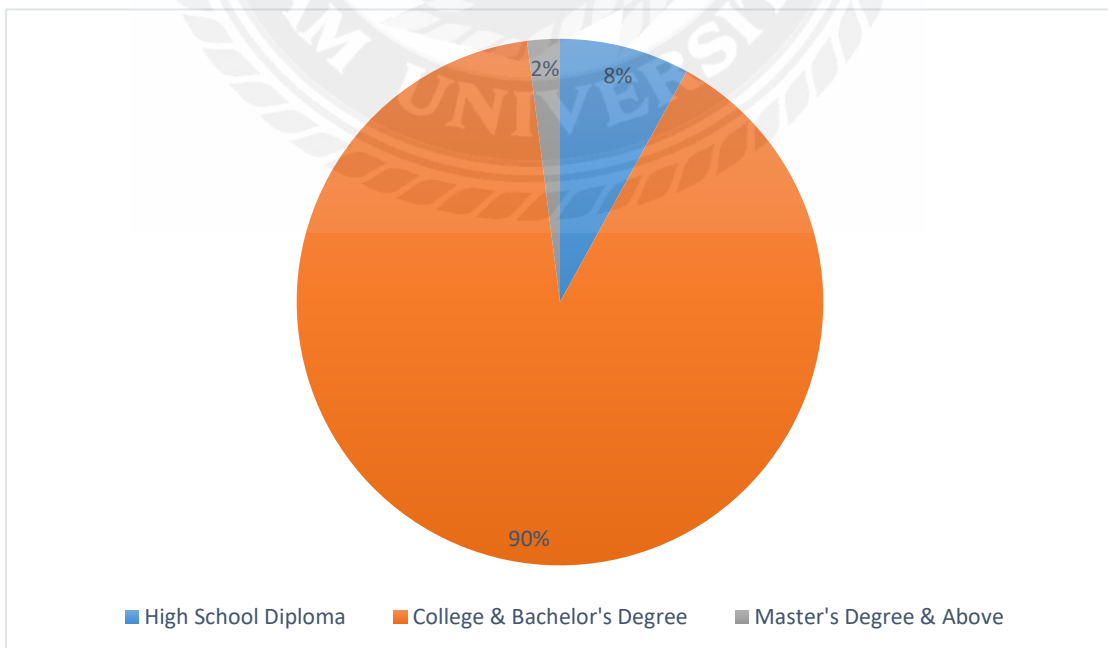


Figure 4.2 Educational Structure of Sales Staff in HZ Company

4.2.2 The Current Status of HZ's Sales Staff Remuneration System

At different times in HZ's history, there were differences in the remuneration policies of its sales staff. During the pioneering stage, HZ Company adopted a high base salary guarantee and a small business commission and bonus remuneration model, which attracted a large number of media industry employees to join the company and helped the company complete rapid market expansion through the tactics of the sea of people, HZ Company has entered the market refinement stage, and a large number of media industry employees introduced in the early stage had different abilities, professional qualities and professional behaviors, which made management difficult. The sales performance was also slow to break through. On this basis, HZ split the base salary of some personnel into a fixed salary + performance pay model and conducts sales process behavior and results for assessment. On this basis, the company also introduced the salary policy of salary jumping for junior sales staff and sales supervisors according to their performance in the previous month, as well as the salary policy of sales expense lump sum.

HZ Company's remuneration system and related documents do not clearly state what kind of remuneration strategy it adopts for its sales staff, but by analyzing HZ Company's actual remuneration data, it is not difficult to find out that most of HZ Company's sales staff have higher basic salaries and lower variable salaries in their remuneration components, and some of them do not even have variable salaries.

At present, HZ's salary management functions are scattered among the President's Office, Human Resources Administration Centre, Finance Centre, Regional HRBP, City HRBP, Regional Finance, City Finance and Transport Management departments. Among them, the President's Office is responsible for proposing salary fixing and salary adjustment for cadres under direct control; the Human Resources Administration Centre is responsible for calculating and issuing fixed and variable salaries; the regional and city HRBPs are responsible for the statistics and accounting of the basic salary data of the personnel under their jurisdiction in terms of salary fixing, salary adjustment and fixed salaries; the finance departments at each level are responsible for the accounting and reporting of sales expenses (including sales commission) and the auditing of salary issuance data, and the transport management department is responsible for the accounting and reporting of sales expenses (including sales commission). The finance department at each level is responsible for the accounting and reporting of sales expenses (including sales commission) and the review of payroll data.

HZ is implementing the salary model of "basic salary + business commission + bonus" with sales expense lump sum as the core. In particular, the basic salary of employees mainly consists of a fixed part of the salary related to attendance (referred to as: fixed salary) and a variable salary linked to the process performance and result

performance of employees (referred to as: performance salary). (performance pay). There is no clear proportional relationship between fixed wages and performance wages. The business commission is based on the sales contract amount. It is calculated on the basis of the amount of the sales contract and is based on the total sales cost of the product and the customer's industry, i.e. The total sales expenses are calculated as x% of the contracted and published contract amount, and the portion of the total sales expenses after deducting business hospitality and travel expenses is accounted for as part of the sales team. The portion of the total sales expenses after deducting business hospitality and travel expenses is used as commission and bonus for the sales team.

At present, this remuneration model and structure has only been implemented for some regional account sales staff and has not yet been implemented for key account marketing line. It has not yet been implemented for sales staff in the key account market lines. As a result, personnel who have not implemented the sales expense lump sum model are still on a fixed salary. The model is based on a fixed salary plus a certain percentage of business commission, with key account sales staff, regional sales directors and city sales staffage's on a contractual basis. The sales director and city sales staffage are paid a percentage of the contracted amount, and the sales specialist and sales supervisor of the regional account line are paid a percentage of the contracted amount. Sales supervisors are paid a percentage of the contracted return amount.

4.3 SWOT Analysis of the Compensation System of Sales Staff in HZ Company

The purpose of this study is to conduct a SWOT analysis of HZ's sales force compensation system in order to reveal the strengths, weaknesses, opportunities and threats of HZ's sales force compensation system. Through in-depth research and analysis, the following findings from this study validate the research objectives.

4.3.1 Strengths of the Compensation System of Sales Staff in HZ Company

A high base salary guarantee can attract businesspeople from traditional advertising agencies and increase corporate revenue. This salary structure can provide salespeople with a relatively stable source of income and reduce their financial pressure in the sales process, so that they can focus more on customer relationships and sales performance.

Low commission incentives can reduce the risk pressure on salespeople and increase their stability. A relatively low commission rate allows salespeople to maintain a stable level of income despite a long sales cycle or low sales volume, increasing their career satisfaction and retention.

4.3.2 Weaknesses of the Compensation System of Sales Staff in HZ Company

Low commission incentives may lead to low motivation of the sales force and affect performance. Lack of challenging incentives may lead to a lack of motivation of the sales force to proactively explore new markets and customer resources, which in turn affects sales performance.

Lack of standardized management may lead to increasing performance gaps in the sales team, affecting overall sales effectiveness. Lack of clear goal setting and performance appraisal system may lead to widening performance gap among salespeople and make it difficult to conduct effective teamwork and knowledge sharing.

4.3.3 Opportunities of the Compensation System of Sales Staff in HZ Company

The lift media industry is in a rapid development stage with huge market potential. With the growing demand for advertising, lift media has become an important channel for attracting advertisers. HZ company can make full use of this opportunity to further increase sales by expanding its customer base and innovating advertising formats.

Digital transformation provides salespeople with more opportunities and tools to develop customers and improve sales results. Through digital technology and data analytics, salespeople can more accurately understand customer needs and provide personalized solutions, thus enhancing customer satisfaction and sales success.

4.3.4 Threats of the Compensation System of Sales Staff in HZ Company

Competitors may adopt a better compensation system to attract good salespeople, exacerbating the brain drain from the sales team. Other competitors may adopt more competitive remuneration strategies to attract outstanding sales staff away from HZ Company. Therefore, HZ Company needs to pay attention to the market remuneration dynamics and adjust and optimize its own remuneration system in a timely manner in order to maintain its competitiveness.

Instability and low motivation of sales staff may lead to loss of customers and decline in performance. The instability and low motivation of sales staff may lead to a decline in customer trust, which may affect the continued co-operation of customers and performance growth.

4.4 Suggested Optimization of the Compensation System of HZ's Sales Staff Using SWOT Analysis

Based on the above SWOT analysis of HZ Company's sales staff compensation system, this study puts forward the optimization suggestions of HZ Company's salesperson compensation system as follows.

1. Continue to maintain a high base salary guarantee to attract good salespeople to join the organization and to improve the stability of the sales force. At the same time, additional incentives and benefit mechanisms can be set based on individual performance and contribution to motivate salespeople to pursue performance excellence more actively.

2. Adjust the low commission incentive policy to make it more challenging and motivating to increase sales force motivation and performance. Consideration can be given to setting up a ladder commission system, whereby the percentage of commission is gradually increased according to the achievement of sales or sales targets to stimulate the sales force's sense of competition and motivation.

3. Strengthen the standardized management of the sales team and establish a clear objective and performance appraisal system. Set measurable sales targets and conduct regular evaluation and feedback so as to identify problems in time and take corresponding measures for improvement. In addition, organize team meetings and training activities on a regular basis to promote communication and cooperation among salespeople, and work together to improve the performance of the overall sales team.

4. Formulate training plans for digital transformation to help sales staff master new customer development and sales techniques and improve sales results. Internal training can be organized, or professional organizations can be invited to conduct training to enhance sales staff's marketing capabilities in the digital era, so that they can better understand customer needs and respond quickly to market changes.

5. Promote co-operation between sales staff and other departments to develop new business opportunities. Promote close co-operation between the sales team and marketing, product development and other departments to enhance information sharing and collaborative work in order to meet diversified customer needs and develop new market space.

6. Conduct research on competitors' compensation systems and adjust and optimize our own compensation system in a timely manner to prevent talent loss. Maintain sensitivity to market compensation dynamics, understand competitors' compensation strategies and benefit packages, and make appropriate adjustments accordingly to maintain attractiveness and competitiveness.

7. Enhance training and development programmes for sales staff to improve their professional qualities and capabilities to meet the challenges of market competition.

Through continuous training, provision of learning resources and support for career development planning, we help our sales force to continuously improve their sales skills, industry knowledge and leadership so as to better meet the challenges of market changes and customer needs.

4.5 Conclusions

Based on the SWOT analysis and summarizing the above analysis, HZ can make full use of the market opportunities, respond to the threats and enhance the performance and competitiveness of its sales team by optimizing the remuneration system, strengthening standardized management, promoting digital transformation and focusing on talent development.



Chapter 5 Recommendations

Based on the SWOT analysis, this chapter proposes the improvement measures and future development direction of HZ Company's salesperson compensation system as follows.

In recent years, the lift media has achieved rapid development, the industry competition has gradually intensified, with all kinds of lift media enterprises gradually from the "horse race" to the "intensive cultivation" business direction change, sales talent has become an important guarantee in the next round of competition in the lift media enterprises. On this basis, some enterprises in the industry disrupt the management of competitors by maliciously poaching people in order to create a favorable competitive position.

In this context, HZ Company has accumulated a large number of non-performing, incapable and juggling sales staff due to the influence of the previous period of running the business. In order to change the status quo of the sales team, HZ Company has carried out several large-scale salary policy adjustments in just one year, but the motivation of the staff is still low, the per capita output value of the sales staff still fails to be improved, and the advertisement publication rate also fails to meet the expectation. In this case, in order to comply with the development of the industry in the era of new media, this study analyses the problems of the compensation system of sales staff in HZ Company through internal data of HZ company, industry reports and studies, employee questionnaire and literature review, and SWOT analysis: HZ Company lacks a clear organizational control mechanism, does not have an organizational control mechanism based on the principle of "the best way to improve the quality of the company". HZ Company lacks a clear organizational control mechanism, there is no systematic design of compensation strategy based on strategic needs, the HR department's compensation design and management capability is weak, the mechanism of correlation between compensation and competence is not established, and the mechanism of implementation of compensation policy changes is very poor. This study analyses the causes of the above problems, conducts in-depth research on the topic of how to optimize the compensation system of HZ's sales staff, and proposes a systematic solution to optimize the compensation system based on the results of the study.

This study adjusts the design elements of the salesperson's compensation system based on relevant theories such as demand theory, two-factor theory and expectation theory. The importance of external compensation such as communication, recognition and employee development and fair and transparent sales management is emphasized based on relevant theories such as Total Compensation Theory and Equity Theory (cao,2022). The following is the optimization plan for the sales staff compensation

system of HZ and the specific recommendations for implementation on the ground.

First, pay employees based on the four concepts of market conditions, job value, ability status and performance contribution. For the positions above the city general manager to take the leading pay competition strategy, the city deputy general manager and sales manager to take the following competition strategy.

Second, sort out the current sales positions, clarify the job sequence, job sequence positioning, job level development interval and grading standards. Drawing on broadband pay ideas to design pay grades, and linkage of pay and competence, competence and grade system, to ensure vertical one post multi-grade, horizontal one level multi-pay, to achieve the ability to pay, flexible management, without the need to control the cost of pay by frequently jumping gears.

Thirdly, different remuneration models and structures are set up according to the differences in value creation of sales positions at different levels. Overall, adopt a medium proportion of fixed remuneration and a medium proportion of variable remuneration, considering both short-term and medium- and long-term incentive strategies.

Fourthly, the company carried out the policy propaganda at each level, ensured the smooth landing of the new plan by making up the difference, defaulting the reasonable set of salary, setting up the introduction period of the new plan, establishing the benchmark of the region and the team, etc., and systematically solved the problem of the compensation system of the sales staff of Company HZ and activated the vitality and potential of the sales staff.

References

- Adams, J. S. (2015). Equity theory. In *Organizational Behavior I* (pp. 134-158). Routledge.
- Akhavan, P., Barak, S., Maghsoudlou, H., & Antuchevičienė, J. (2015). FQSPM-SWOT for strategic alliance planning and partner selection: Case study in a holding car manufacturer company. *Technological and Economic Development of Economy*, 21(2), 165-185.
- Alshmemri, M., Shahwan-Akl, L., & Maude, P. (2017). Herzberg's two-factor theory. *Life Science Journal*, 14(5), 12-16.
- Alfayad, Z., & Arif, L. S. M. (2017). Employee voice and job satisfaction: An application of Herzberg's two-factor theory. *International Review of Management and Marketing*, 7(1), 150-156.
- Aram, J., & Piraino, T. (1978). The hierarchy of needs theory: An evaluation in Chile. *International Journal of Psychology*, 12(2), 179-188.
- Azimi, R., Yazdani-Chamzini, A., Fouladgar, M. M., Zavadskas, E. K., & Basiri, M. H. (2011). Ranking the strategies of mining sector through ANP and TOPSIS in a SWOT framework. *Journal of Business Economics and Management*, 12(4), 670-689.
- Basu AK, Lal R, Srinivasan V, Staelin R (1985) Salesforce compensation plans: An agency theoretic perspective. *Marketing science*, 4(4), 267-291.
- Bayram, B. Ç., & Üçüncü, T. (2016). A case study: Assessing the current situation of forest products industry in Taşköprü through SWOT analysis and analytic hierarchy process. *Kastamonu University Journal of Forestry Faculty*, 16(2), 510-514.
- Bull, J., Jobstvogt, N., Böhnke-Henrichs, A., Mascarenhas, A., Sitas, N., Baulcomb, C., & Zähringer, J. (2016). Strengths, weaknesses, opportunities and threats: A SWOT analysis of the ecosystem services framework. *Ecosystem Services*, 17, 99-111.
- Catron, J., Stainback, G. A., Dwivedi, P., & Lhotka, J. M. (2013). Bioenergy development in Kentucky: A SWOTANP analysis. *Forest Policy and Economics*, 28, 38-43.
- David, F. R., Creek, S. A., & David, F. R. (2019). What is the key to effective SWOT analysis, including AQCD factors? *SAM Advanced Management Journal*, 84(1), 25-32.
- David, M. E., David, F. R., & David, F. R. (2017). The quantitative strategic planning matrix: A new marketing tool. *Journal of Strategic Marketing*, 25(4), 342-352.
- Dawes, J. (2002). Five point vs. eleven point scales: Does it make a difference to data characteristics. *Australasian Journal of Market Research*, 10(1), 2-17.
- De Boer, L., Labro, E., & Morlacchi, P. (2001). A review of methods supporting supplier selection. *European Journal of Purchasing & Supply Management*, 7(2), 75-89.
- Dyson, R. G. (2004). Strategic development and SWOT analysis at the University of Warwick. *European Journal of Operational Research*, 152(3), 631-640.

- Ghazinoory, S., Abdi, M., & Azadegan-Mehr, M. (2011). SWOT methodology: A state-of-the-art review for the past, a framework for the future. *Journal of Business Economics and Management*, 12(1), 24-48.
- Görener, A. (2012). Comparing AHP and ANP: An application of strategic decisions making in a manufacturing company. *International Journal of Business and Social Science*, 3(11), 194-208.
- H.lmstrom, B. (1979). Moral hazard and observability. *The Bell journal of economics*, 74-91.
- H.lmstrom, B., & Milgrom, P. (1987). Aggregation and linearity in the provision of intertemporal incentives. *Econometrica*, 55(2), 303-328.
- Heide, C.P. (1999). *Dartnell's sales force survey*. Dartnell Corporation.
- Herdman, M., Gudex, C., Lloyd, A., Janssen, M., Kind, P., Parkin, D., & Badia, X. (2011). Development and preliminary testing of the new five-level version of EQ-5D (EQ-5D-5L). *Quality of Life Research*, 20(10), 1727-1736.
- Hill, T., & Westbrook, R. (1997). SWOT analysis: It's time for a product recall. *Long Range Planning*, 30(1), 46-52.
- Hjermstad, M. J., Fayers, P. M., Haugen, D. F., Caraceni, A., Hanks, G. W., & Loge, J. H. (2011). Studies comparing numerical rating scales, verbal rating scales, and visual analogue scales for assessment of pain intensity in adults: A systematic literature review. *Journal of Pain and Symptom Management*, 41(6), 1073- 1093.
- Ip, Y., & Koo, L. (2004). BSQ strategic formulation framework: A hybrid of balanced scorecard, SWOT analysis and quality function deployment. *Managerial Auditing Journal*, 19(4), 533-543.
- Jackson, S. E., Joshi, A., & Erhardt, N. L. (2003). Recent research on team and organizational diversity: SWOT analysis and implications. *Journal of Management*, 29(6), 801-830.
- Jensen, M. C., Murphy, K. J., & Wruck, E. G. (2004). *Remuneration: Where we've been, how we got to here, what are the problems, and how to fix them*. [N.P.].
- Kajanus, M., Leskinen, P., Kurttila, M., & Kangas, J. (2012). Making use of MCDS methods in SWOT analysis— Lessons learnt in strategic natural resources management. *Forest Policy and Economics*, 20, 1-9.
- Kangas, J., Kajanus, M., Leskinen, P., & Kurttila, M. (2016). Incorporating MCDS and voting into SWOT: Basic idea and experiences. *Serbian Journal of Management*, 11(1), 1-13.
- Kessler, I. (2012). Remuneration systems. In *Managing human resources: Human resource management in transition* (pp.243-267). [N.P.].
- Lal, R., Srinivasan, V. (1993). Compensation plans for single-and multi-product salesforces: An application of the Holmstrom-Milgrom model. *Management Science*, 39(7), 777-793.

- Lee, S., & Sai On Ko, A. (2000). Building balanced scorecard with SWOT analysis, and implementing “Sun Tzu’s The Art of Business Management Strategies” on QFD methodology. *Managerial Auditing Journal*, 15(1/2), 68-76.
- Leskinen, L. A., Leskinen, P., Kurttila, M., Kangas, J., & Kajanus, M. (2006). Adapting modern strategic decision support tools in the participatory strategy process—A case study of a forest research station. *Forest Policy and Economics*, 8(3), 267-278.
- Magna. (2018). *MAGNA advertising forecasts*. <https://magnaglobal.com/magnaadvertising-forecasts-winter-2018-update> (2020/1/21).
- Oyer, P. (2000). A theory of sales quotas with limited liability and rent sharing. *Journal of Labor Economics*, 18(3), 405-426.
- Patnaik, B. C. M., & Padhi, P. C. (2012). Compensation management: A theoretical preview. *TRANS Asian Journal of Marketing & Management Research (TAJMMR)*, 1(1), 39.
- Povilanskas, R., & Labuz, T. A. (2012). Planning for management of transboundary transitional waters. *Coastline Reports*, 57-69.
- Preston, C. C., & Colman, A. M. (2000). Optimal number of response categories in rating scales: Reliability, validity, discriminating power, and respondent preferences. *Acta Psychologica*, 104(1), 1-15.
- Puyt, R. W., Lie, F. B., & Wilderom, C. P. (2023). The origins of SWOT analysis. *Long Range Planning*, 56(3), 102304.
- Rao RC (1990) Compensating heterogeneous salesforces: Some explicit solutions. *Marketing Science*, 9(4), 319-341.
- Sch. Ttner, A (2016) Optimal sales force compensation in dynamic settings: Commissions vs. Bonuses. *Management Science*, 63(5), 1529-1544.
- Shariatmadari, M., Sarfaraz, A. H., Hedayat, P., & Vadoudi, K. (2013). Using SWOT analysis and SEM to prioritize strategies in foreign exchange market in Iran. *Procedia-Social and Behavioral Sciences*, 99, 886-892.
- Shinno, H., Yoshioka, H., Marpaung, S., & Hachiga, S. (2006). Quantitative SWOT analysis on global competitiveness of machine tool industry. *Journal of Engineering Design*, 17(3), 251-258.
- Steers, R. M., Mowday, R. T., & Shapiro, D. L. (2004). The future of work motivation theory. *Academy of Management review*, 29(3), 379-387.
- Thomas, S., Chie, Q. T., Abraham, M., Jalarajan Raj, S., & Beh, L. S. (2014). A qualitative review of literature on peer review of teaching in higher education: An application of the SWOT framework. *Review of Educational Research*, 84(1), 112-159.
- U.S. Department of Labor, Bureau of Labor Statistics (2018). *National Occupational Employment and Wage Estimates*, May.
- Usman, F., & Murakami, K. (2011). Preliminary evaluation for strategy on coastal vegetation belts against Tsunami Hazard in Pacitan, Indonesia. *European Journal of Scientific*

Research, 63(4), 530-542.

- Valentin, E. (2001). SWOT analysis from a resource-based view. *Journal of Marketing Theory and Practice*, 9(2), 54-69.
- Vroom, V., Porter, L., & Lawler, E. (2015). Expectancy theories. In *Organizational Behavior 1* (pp. 94-113). Routledge.
- Wanless, E., & Judge, L. W. (2014). Improving collegiate ticket sales: The importance of a trained sales staff. *Journal of Facility Planning, Design, and Management*, 2(2).
- Wang, K. C. (2007, August 5-10). A process view of SWOT analysis [Paper Presentation]. *51st Annual Meeting of the International Society for System Sciences, Tokyo, Japan*. [N.P.].
- Wehrich, H. (1982). The TOWS matrix—A tool for situational analysis. *Long Range Planning*, 15(2), 54-66.
- Zoltners AA, Sinha P, Lorimer SE. (2013). Are you paying enough attention to your sales force? *Harvard Business Review*. <https://hbr.org/2013/04/are-you-paying-enough-attention-to>.

