

Analysis of the Relationship Between the Salary Design and Psychological Contract of the Dispatched Personnel in Multinational Corporations

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ABSTRACT

The era of economic globalization has arrived, and multinational companies are playing an increasingly important role in the global economy. Considering that in the process of organizational structure adjustment and employment relationship changes, the salary system and psychological contract have become the most sensitive and most concentrated core factor reflecting the contradictions of labor relations. Based on this, the purpose of this article is to research and analyze the salary design of expatriates from multinational companies and their psychological contractual relationship. This article firstly summarizes the basic theory of psychological contract, and analyzes and discusses its problems in combination with the current mental contract construction status of the expatriate employees in our company. On this basis, it studies the influence of expatriate salary on their psychological contract. Finally, it analyzes and discusses the safeguard measures for the improvement of its psychological contract. This article systematically expounds the concept and development of the psychological contract, the development of the research object of the psychological contract, and the violation of the psychological contract. Experimental studies have shown that in "my company can delegate powers to let me arrange work independently", the vague uncertainty only accounts for more than 30%, which indicates that the management of the expatriate organization is flawed, and the employees are "uncertain" about their own authority and personality. Not fully utilized, enthusiasm and self-confidence are more certain.

Keywords: *Expatriates, Salary Design, Psychological Contract, Relationship Analysis.*

1. INTRODUCTION

Our country's state-owned enterprises have long been the main economic actors of the country and have played an extremely important and active role in China's rapid economic development. The employment relationship existing in state-owned enterprises has also become most of the employment relationship in our country for a long time. According to the path dependence theory, an existing system and the social behavior it shapes have an "inertial" path, creating a dependence structure for people who enter it. Therefore, this "inertia" of state-owned enterprises also endows the employees of state-owned enterprises with more significant psychological contract characteristics.

In the study of mental contract, many experts have achieved good results. For example, the "Rousseau School" believes that the psychological contract is a one-

way subjective perception of the employee as a party to the contract in the self-consciousness of the obligations of both parties [1-2]. Rousseau believes that it is an abstract concept. It cannot be "perceived" by itself. In the end, it is up to its managers to perceive and respond to the "psychological contract" through the individual itself. Therefore, under the premise of taking the psychological expectations of both parties as the goal, the organization cannot become the main body participating in the formation of the psychological contract, and its full role is to create environmental conditions for the employees' psychological contract [3]. However, Herriot puts forward that psychological contract is the perception of responsibilities between the employer and the employee in the employment relationship. Guest points out that the psychological contract is a mutually beneficial relationship between the two parties, and if there is no organizational perspective in the process of studying the

psychological contract, you will go astray when studying the core issues [4].

Based on the background of the topic, this article reviews the research results and literature on the psychological contract theory at home and abroad, as well as the review of related research results and literature on the management of expatriates. Starting from the current situation of the management of expatriates of a company, this article uses the perspective of psychological contract to assign employees to expatriates. The three stages of pre-employment preparation, task process, and resignation in the task cycle are systematically analyzed. From the perspective of psychological contract, it tries to interpret the problems that arise in a company's employee assignments, and summarizes the general rules.

2. ANALYSIS OF THE RELATIONSHIP BETWEEN THE SALARY DESIGN OF THE EXPATRIATES OF MULTINATIONAL COMPANIES AND THEIR PSYCHOLOGICAL CONTRACT

2.1 Salary Analysis of Multinational Companies

The salary of expatriates of multinational companies consists of four parts: basic salary, benefits, allowances and taxes [5].

(1) Basic salary

It is usually the same as the basic salary for similar positions in the home country.

(2) Allowance

It is usually only provided for foreign workers and third-country employees, including housing allowances, family visit allowances, education allowances and resettlement allowances.

(3) Welfare

In addition to the basic welfare level consistent with the home country, it also includes extra holidays and special vacations. The company provides air tickets for these employees and their families once a year to go home to visit relatives and welcome vacations.

(4) Taxation

Unless the host country and the home country of the expatriate have a reciprocal taxation agreement, the expatriate will pay double taxes.

2.2 Psychological contract

(1) Basic theory

Entering the 21st century, enterprises are facing a fiercer competitive environment, and the personal development of employees in the new era has also undergone more significant changes [6-7]. A new model that emphasizes both explicit (labor contract) and implicit (psychological contract) has been formed between enterprises and employees. Researchers pointed out that if the psychological contract established between the two is not fulfilled, employees' job satisfaction and their sense of trust and identity with the organization will decrease, leading to a decrease in employees' sense of ownership and an increase in the turnover rate of the company[8-9]. Therefore, in order to build a harmonious labor relationship, in accordance with laws, regulations and market principles, it is only one aspect of the responsibilities, rights, and interests of both parties to be clarified; the more important thing is to pay attention to the mutual expectations of each other in the employment relationship and build a coordinated and consistent relationship. Psychological contract establishes a trust relationship between the two, both parties fulfill each other's obligations and fulfill each other's promises to achieve a win-win goal [10-11].

(2) Basic content analysis

Early psychological contract research focused on the mutual appeals and expectations between employees and the organization, the organization provided employee benefits, understood the employee's psychological state, and provided social and economic security to employees. In 1990, Rousseau conducted a psychological contract questionnaire survey on 129 MBA candidates who were about to take up employment [12]. This survey was also the first empirical study on the content involved in the employee psychological contract. The results of the investigation show that there are two aspects of employer responsibility and employee responsibility in the employee psychological contract. Among them, there are 7 contents of employer responsibility and 8 contents of employee responsibility, as shown in Table 1.

Table1. Rousseau psychological contract content

Employer's responsibility	Employee responsibility
High salary	loyalty
Performance reward	Accept job adjustments
Job promotion	Overtime
Training	Volunteer to take on extra-office duties
Career Development	Keep company secrets

Long-term work guarantee	Don't help competitors
Personnel support	Advance notice of resignation
	The company has worked for at least two years

2.3 Analysis of System Dynamics Model of Psychological Contract Violation Based on Salary Design

(1) Modeling purpose

When constructing a system dynamics model, we must first clarify the purpose of modeling. At present, the research on psychological contract violation at home and abroad is one-way, focusing on the impact of certain variables on psychological contract violation and the impact of psychological contract violation on some factors. But has not tried to study the feedback relationship between psychological contract violation factors and other factors. For this lack of research on psychological contract violations, a very important reason lies in the backwardness of analytical tools, and when the idea of system dynamics appears, it is possible to construct feedback relationships. This paper uses system dynamics software to construct the feedback relationship model of psychological contract violation, and simulates the feedback relationship between psychological contract violation and various factors.

(2) System boundary

After determining the purpose of modeling, determining the system boundary becomes an extremely important step. When determining the boundary, it is

$$\text{rate} = 0.09704 * \text{Awarenessgap} - 0.07597 * \text{Organizational commitment} + 1.7496 \quad (1)$$

$$\text{Gap rate} = 3.13 * \text{gender} + 6.32 * \text{Education} - 1.05 * \text{Organizational commitment} \quad (2)$$

$$\text{Organizational commitment} = \text{SMOOTH}(-0.3675 * \text{Breach of contract} - 0.555, 3) \quad (3)$$

$$\text{Education} = \text{SMOOTH}(-0.209 * \text{Breach of contract} + 3.1846, 6) \quad (4)$$

The greater the number of psychological contract violations, the higher the degree of violation, and vice versa. When the psychological contract violation is 0, it means that there is no violation for the time being.

2.4 Remuneration Management Based on Mental Contract for Expatriates of Multinational Companies

Because the salary management of expatriates involves transnational and cross-regional, it is necessary to ensure the docking of the company's salary system and the differences in regional economic levels. Therefore, as part of salary incentives, overseas subsidies came into being. It is based on the perspective of psychological contract, and is the most important and direct

necessary to select the appropriate boundary range based on the actual situation of the model, and avoid being too large or too small. If the boundary is selected too large, the system will become more complicated, and it will be difficult to distinguish the main factors of the research. At the same time, it will increase the workload of the research and increase unnecessary factor analysis; but if the boundary is selected too small, some important factors may be missed. The variable and feedback relationship make the system inconsistent with the specific situation of the real world, and it is difficult to accurately simulate the required situation. Therefore, the proper system boundary requires that it contains proper variables, contains all the objects we want to study, and determines the correctness of this system.

(3) System model

When setting the function of the model, on the one hand, it combines the regression relationship obtained from the survey results, and on the other hand draws on the research results of previous scholars. At the same time, because the phenomenon of psychological contract violation is a phenomenon that includes a delay effect, many functions in the model use the information delay function Smooth function.

The main dynamic equations in the model are:

manifestation of satisfying employees' sense of job security and improving job satisfaction.

In the current situation where the degree of localization of overseas companies is not high, expatriate employees are still a major and effective way for companies to implement overseas management. Therefore, the expatriate employee subsidy system must first fully embody the fundamental purpose of "getting more for those who are able and getting more for more work". Only in this way can we attract and motivate more employees to develop overseas and devote their efforts to the international development of the company. From the perspective of employees, expatriates have indeed caused unaccustomed foreign cultures, inadaptability to lifestyle changes, and anxiety away from family and friends. Although salary cannot completely compensate for these problems, it is the basis for remedying these

inconveniences and the basic condition for expatriates to work with peace of mind.

3. EXPERIMENTAL RESEARCH ON THE RELATIONSHIP BETWEEN SALARY DESIGN AND PSYCHOLOGICAL CONTRACT OF EXPATRIATES IN MULTINATIONAL CORPORATIONS

3.1 Experimental Protocol

In order to make this experiment more scientific and effective, this experiment used the form of online

Table 2. Satisfaction survey on three aspects of expatriate employees

	satisfaction	discontented	tolerableness
Compensation management	45%	21%	34%
Cultural adaptation	65%	12%	23%
Performance evaluation	36%	37%	27%

3.2 Research Methods

(1) Questionnaire survey method

In this experiment, by asking relevant experts, a targeted questionnaire was set up, and this closed method was used to conduct surveys on external personnel. The purpose of this experiment is to promote the correct completion of the surveyed personnel.

(2) Field research method

This research conducted an experimental investigation and collected data on the relationship between the salary and benefits of expatriates and their psychological contract by going deep into a certain multinational enterprise. These data not only provide a theoretical reference for the topic selection of this article, but also provide data support for the final research results of this article.

(3) Mathematical Statistics

questionnaire to conduct a questionnaire survey on the expatriates of a multinational company in a certain place. The purpose of this survey is to collect information about the salaries, benefits and benefits of expatriates. The gender ratio in this survey is 9:1 to ensure the validity of the experimental data. A total of 30 expatriates were surveyed this time, and 27 valid questionnaires were returned. Use mathematical statistics to analyze the results of the questionnaire survey.

The study is conducted from three aspects: salary management, cultural adaptability and performance evaluation of expatriate employees, as shown in Table 2.

Use relevant software to perform statistics and analysis on experimental results.

4. EXPERIMENTAL ANALYSIS OF THE RELATIONSHIP BETWEEN THE SALARY DESIGN OF THE EXPATRIATES OF MULTINATIONAL COMPANIES AND THEIR PSYCHOLOGICAL CONTRACT

4.1 Analysis of the Mental Contract Status of Expatriates

In order to make this experiment more scientific and effective, this experiment conducted a questionnaire survey on the expatriate situation of expatriates, and the results obtained are shown in Table 3. (A=My job improves my personal ability helps; B=My personal skills contribute to the efficiency of my work; C=My company provided me with Liter space)

Table3. Analysis of the mental contract status of expatriates

	Totally inconsistent	Relatively inconsistent	uncertain	More in line with	Totally Suitable
A	4	6	10	4	3
B	1	4	5	9	8
C	3	4	7	7	6

As can be seen from Figure 1, in the "my company can delegate power to let me arrange work independently", the vague uncertainty only accounts for more than 30%, which indicates that there are defects in

the management of the expatriate organization and the employees are "unsure" about their own authority, personality is not fully utilized, enthusiasm and self-confidence are more reliable.

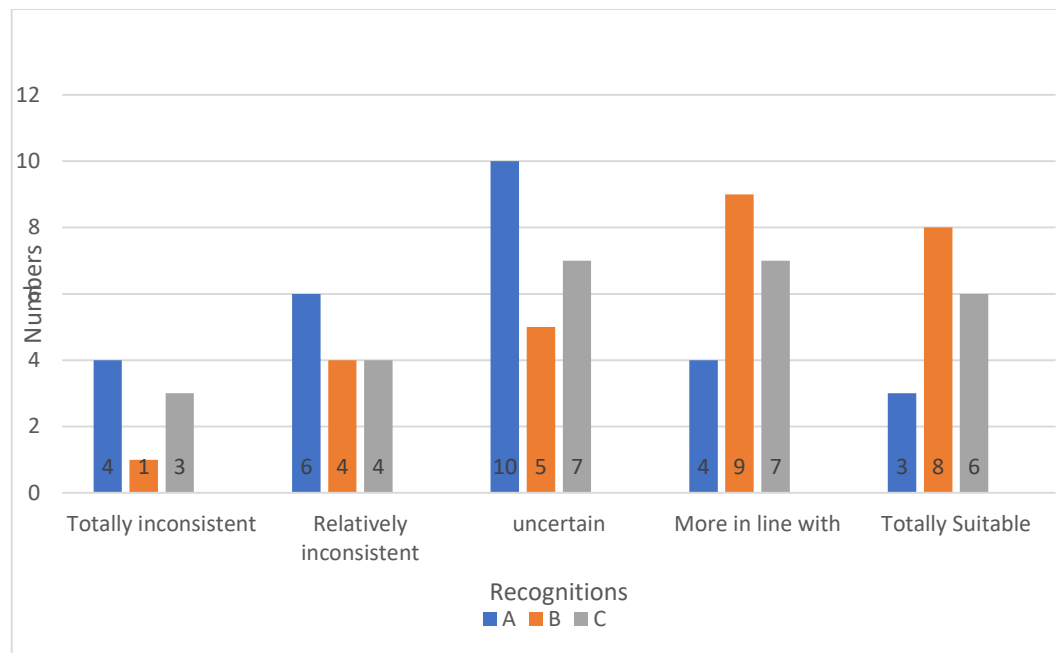


Figure1. Analysis of the mental contract status of expatriates

4.2 Analysis of Expatriate Salary and Benefits

In order to conduct an experimental investigation of this research one step closer, this study conducted an

online questionnaire survey of expatriates and analyzed the salaries and benefits of expatriates. The data obtained are shown in Table 4.

Table4. Analysis of expatriate salary

	Basic wage	bonus	allowance	welfare
1	6.23	5.12	6.41	6.18
2	6.15	5.52	5.17	7.12
3	6.48	6.04	5.49	6.87
4	6.21	6.23	5.88	6.45
5	7.06	5.47	6.29	7.10
6	6.42	5.98	6.74	6.35
7	5.99	6.38	6.39	7.11
8	6.24	5.00	6.08	7.29
...				
27	7.26	5.78	5.19	7.40

It can be seen from Figure 2 that most people's overseas salary package is maintained in a general state, among which the bonus evaluation is maintained at 5 or

more, which shows that the salary design has not played a real incentive role, which will lead to work and mental anxiety.

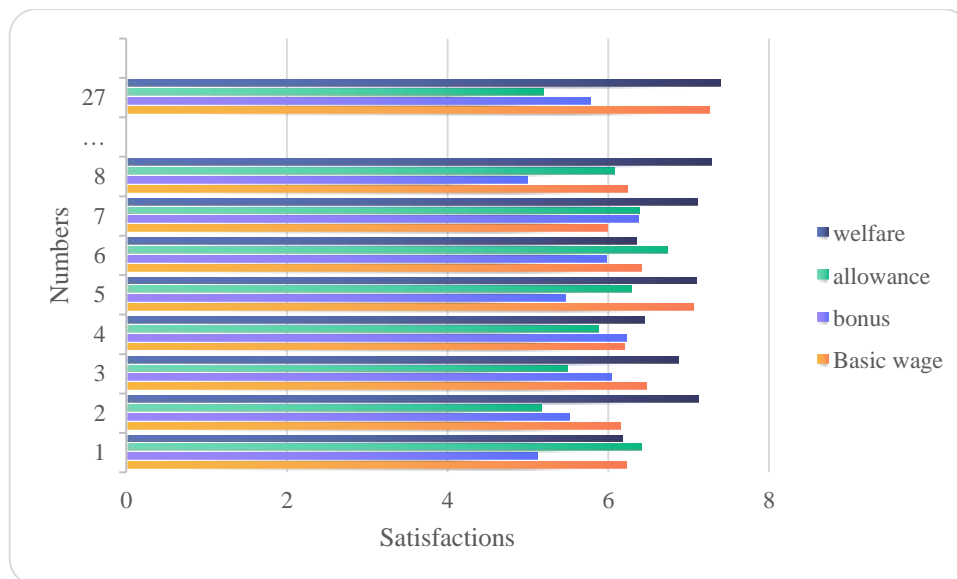


Figure2. Analysis of expatriate salary

5. CONCLUSION

Psychological contract is subjective, implicit and dynamic, and the psychological contract of expatriate employees is affected by many factors. Some important personal and organizational factors have been discussed in the above, while some factors such as political regulations and social customs have not been discussed. However, no matter from any perspective, the ultimate purpose of managing the psychological contract of external employees is to serve the strategic development of the organization and provide personnel motivation for the realization of the organization's goals. So, foreign employees' psychological contract management should follow the principle of dynamic tracking, keep good communication and communication, the expatriate employees clear own responsibility, right, at the same time also to his thoughts, their needs, only both organization and employees to ensure that each other's commitment is required for each other and can get timely cash, employment relationship can be benign development.

Labor creates wealth. For an enterprise, employees are the most fundamental wealth. Without the labor of employees, natural resources and market resources cannot be used rationally, and the basic production and operation of the enterprise cannot be sustained. For enterprises to develop in competition, these production and operation activities must be more efficient than other competitors. To produce higher benefits, it is necessary to design and analyze the relationship between salary and mental contract, and the important influencing factor of mental contract is salary. Therefore, salary design is an important component of the contract in the heart of the enterprise, and the human resource management is researched from the perspective of the contract in the

heart to realize the long-term sustainable operation goal of the enterprise.

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