



The Design and Application of Broadband Salary 6-Step Method from the Perspective of Trial Calculation

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Abstract. Broadband salary as a modern salary model has been discussed and concerned by all parties. This article briefly describes the difference between broadband salary and traditional salary and its characteristics and scope of application. From the perspective of trial calculation, according to the 6-step method of broadband salary, the design and application of the salary system are completed. It is hoped that example calculations can provide reference for the design and implementation of enterprise broadband salary.

Keywords: Broadband Salary · Six-Step Method · Case Trial Calculation

1 Introduction

Broadband salary, as a modern salary model, is a new type of salary structure that matches the concept of flat enterprise organization and process re-engineering. In such a salary system, employees' working lives will be in the same rank for a long time in the future. With the improvement of ability, performance and other factors, employees will continue to get high remuneration, in order to give play to the incentive role of compensation. On the basis of summarizing the typical characteristics and scope of broadband salary, this article proposes the six-step broadband salary design steps, and presents the calculation process in the form of self-developed data until the completion of the broadband salary system. Through the combination of theory and practical operation, it provides practical reference for the actual operation of the enterprise.

2 Brief Introduction of Broadband Salary

Broadband salary was produced in the United States in the late 1980s. In 1994, ACA gradually started research from a theoretical perspective [1]. Among them, Coil, Maggi (1994) [2], Kanin-Lovers (1994) [4] and other scholars emphasized the steps and precautions for implementing broadband compensation; Risher (2003) [3] explained the duties and powers of managers in the implementation; along with the theoretical level of foreign countries With continuous in-depth research, many companies have also joined the ranks

of practice and reformed their own compensation systems, including IBM, American Express, Marriott Hotel, etc., which in turn promoted broadband compensation to incorporate the characteristics of all walks of life [5]. The earliest domestic scholars involved in broadband salary research include Yin Sheng (2004) [6], Huang Guifen (2004) [7], etc., who mentioned the key points and procedures of broadband salary design. This article defines broadband salary as the optimization or even replacement of the traditional Multi-class and mufti-level salary system. The main feature is to expand the upper and lower limits of the corresponding salary of each rank by compressing the original too many ranks or levels, increase salary flexibility, and enhance the incentive effect brought by the salary itself to the employees, which in turn stimulates the creativity and vitality of the employees.

Combining the definitions in this article, taking the salary range of 1000–4000¥ as an example, through the intuitive comparison of Fig. 1 and Fig. 2, the difference between broadband salary and traditional salary can be reflected: First, Fig. 1 is the three-level position hierarchy, and Fig. 2 is Level 1 position hierarchy; Second, in the traditional salary system, the method for employees to increase salary is to upgrade their rank; In the broadband salary system, salary increase involves factors such as job-related capabilities and performance; third, the salary range is widened. From the original difference of 1,000¥ per rank to the current 3,000¥, the incentive role of salary can be exerted.

At the same time, bandwidth compensation is a manifestation of broadband compensation. For example, a certain position’s salary is set up and down. The range of salary increase from the lower limit to the upper limit is usually expressed as a percentage. This value is the bandwidth value. Example: The salary range of the N-level position is X1 to X2, then the bandwidth is equal to $(X2 - X1)/X1 = Y\%$. Therefore, broadband salary is essentially a salary with a wider bandwidth. Under normal circumstances, the salary range where the bandwidth exceeds 100% belongs to broadband salary. The opposite is narrow-band compensation, that is, a salary range with a bandwidth of less than 100%. The traditional post-based salary system is a typical representative.

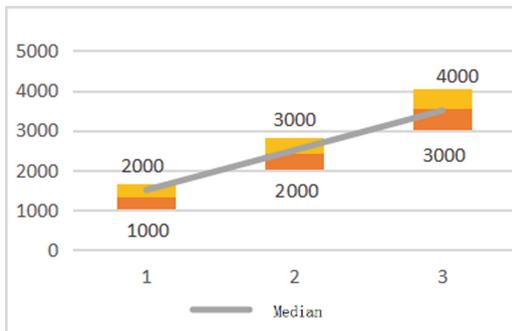


Fig. 1. Traditional salary ladder diagram

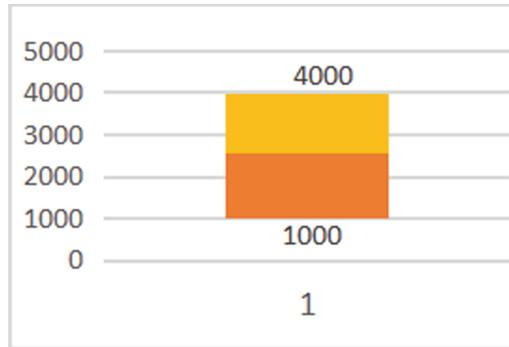


Fig. 2. Broadband salary chart

3 Typical Characteristics of Broadband Salary

3.1 Employee Competence Gets Attention

In the traditional post-remuneration system, employees' salary increase depends on the promotion of the post's rank. Regardless of the employee's ability, as long as the position remains unchanged, the salary cannot be changed. Broadband salary breaks this situation, that is, the same position can have different salary, focusing on the improvement of employees' own capabilities. Then those who are able can raise their salaries, and those who are incompetent can reduce their salaries. Employees no longer care about the level of the position, and turn to focus on ability and performance, which ultimately promotes the improvement of the overall performance of the company.

3.2 Job Rotation is Easy to Promote

There are three types of job rotation: upward adjustment, downward adjustment and flat adjustment. Under normal circumstances, the upward adjustment is easy to accept, and the flat adjustment is easy to be rejected by the employees. According to the traditional salary system, employees are transferred horizontally to new positions. Due to changes in job types and job responsibilities, employees have to spend a lot of energy to familiarize themselves with the content and skills of the new positions. However, the salary has not changed, and employees will obviously reject this change.. The downgrade is even more unacceptable. By narrowing the job rank span through broadband salary, the original lowered position and the raised position will all belong to the same rank after adjustment, but the salary range is widened, and the lowered employee's job rank remains essentially unchanged, as long as the employee's ability If factors such as increase, the salary will increase accordingly, which greatly reduces the resistance to adjustment. At the same time, employees who have been transferred at the same level are more willing to learn new skills, because the acquisition of new skills is likely to allow him to get a higher salary. Therefore, job rotation is easy to promote.

3.3 Job Hierarchy Tends to Be Flat

Compared with traditional organizations, broadband compensation adopts a flat structure that narrows job ranks and widens the salary floating range of the same rank, guides employees to pay attention to the improvement of their own capabilities and performance, and reduces the number of job ranks to solve the problem of information transmission lag. Ultimately, it will improve the company's work efficiency and employee capabilities, and achieve the company's goal of better dealing with external market competition.

4 The Scope of Application of Broadband Salary

4.1 Companies Whose Main Salary is Based on Ability

The main feature is based on knowledge-intensive, high-tech, scientific and technological research enterprises. In such enterprises, special attention is paid to the application and training of knowledge and skills, and the knowledge intensity is very high.

4.2 Flat Management Enterprise

The main characteristics are that the ranks are relatively small, the main differences between employees are reflected by the level of ability, the level of ability is quantified by salary, and the performance and ability are emphasized, so it is very suitable for broadband salary.

4.3 Companies with Mature Operating Standards

The implementation of broadband compensation requires companies to have a complete ability evaluation system and performance evaluation system, and various indicator systems must be matured. Otherwise, not only will it not provide incentives, but will make employees at a loss and have doubts and feelings of unfairness.

5 Six-Step Design Method for Broadband Salary

5.1 Salary Survey

Because broadband salary has a specific scope of application, it is necessary to conduct a comprehensive self-examination and research on the company to clarify whether the company has the implemented management system, assessment system, management range, salary mode and other factors, combined with a comprehensive understanding of broadband salary, can Ensure smooth implementation. Under this premise, a comprehensive survey of the company's internal and external remuneration will be carried out.

The salary survey includes internal and external. The internal salary survey of the company includes basic data such as the company's salary strategy, original salary system, job rank, current employee basic salary, performance salary and other economic and non-economic salary. At the same time, in order to ensure the smooth implementation

in the later period, all employees are encouraged to participate in the whole process. It is recognized that the purpose of the system design is to improve the performance of the company, but also to enhance the ability of employees to obtain higher salaries, so that employees' thoughts and actions are consistent with the company. The external research of the company includes the collection and analysis of data such as the salary level of the company's industry, the salary level of the company's competitors, and the country's salary guideline. Among them, the salary level of major competitors can be obtained through the content of their recent recruitment information; national-level data can be obtained through the official website, but generally they are not particularly detailed. By purchasing third-party industry data analysis reports, the results are very detailed and the use value is higher.

5.2 Salary Structure and Job Sequence Design

Design different salary structures for different positions. The salary structure in the usual sense includes: basic (fixed) salary, performance salary, piece rate salary, business incentives, full attendance awards, various allowances, various incentive compensations, etc. The company determines various indicators based on factors such as job descriptions and job values Proportion, the formation of a differentiated compensation structure with an incentive effect. At the same time, the categories of different positions in the company should be divided into similar results in Table 1. Special note: In the actual salary system, the salary system of certain positions involved in some super large enterprises such as general manager, chief engineer, chief officer, sales post, etc. will be designed separately or implemented an annual salary system, so broadband salary is not suitable for this kind of special post.

5.3 Evaluation of Job Value

Combining the content of the job description, complete the evaluation process of the "rights, responsibilities and benefits" of the job, and classify different job levels according to the value of the job. This is the job value evaluation. The commonly used evaluation tool is the Mercer Consulting International Job Evaluation System IPE2.0 (Fig. 1 for details). According to the structure and indicators in Fig. 1, complete the value scoring of the company's positions, and complete the division table of the relative value of the company's existing positions according to the value of the value evaluation (Table 2 for details) (Fig. 3).

5.4 Broadband Salary System Design and Trial Calculation

5.4.1 The Definition of the Concept

1. Bandwidth: the span of the upper and lower limits of the salary range, usually expressed as a percentage.
2. Salary level: within the same salary level, the salary will be divided into different levels. The higher the level, the greater the salary increase range.
3. Salary gap: formula = (maximum salary in the same salary level - minimum salary in the same salary hierarchy) / (number of levels - 1).
4. Increasing ratio: the increase rate between

salary levels. 5. Overlap: Formula = (Maximum Salary at the Lower Level-Minimum Salary at the Higher Level)/(Maximum Salary at the Higher Level-Minimum Salary at the Higher Level). 6. Median value: formula = (the maximum value in the group of data + the minimum value in the group of data)/2; the specific position of the value = (the number of data in the group + 1)/2; under normal circumstances, the wage guideline announced by provinces and cities is the average level of market wages, that is, the median. 7. The minimum and maximum value of the salary scale: the minimum value of level 1 = median value/(1 + level1 bandwidth/2); the maximum value of level 1 = the minimum value of level 1 * (1 + level 1 bandwidth); The minimum value of level 2 = the minimum value of level 1 * (1 + incremental ratio); the maximum value of level 2 = the minimum value of level2 * (1 + level2 bandwidth), and the salary calculation of other grades is analogized at one time.

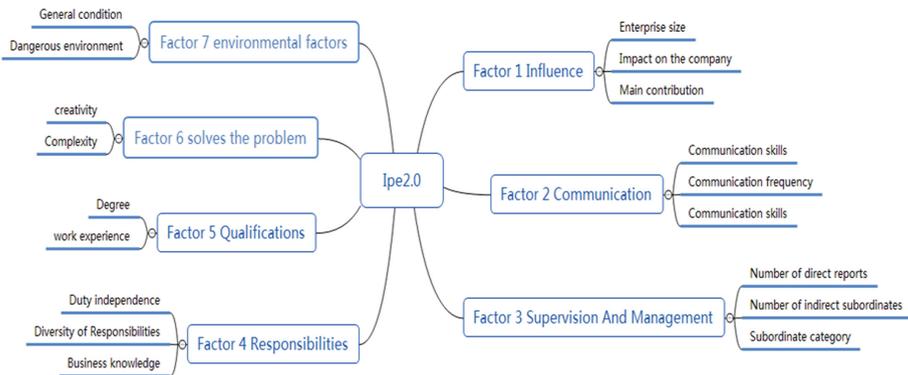


Fig. 3. IPE2.0 evaluation system

Table 1. A summary table of the relative value of a company’s positions

Salary level	Corresponding position
7	General manager
6	Deputy general manager, deputy chief engineer, deputy chief economist, deputy chief accountant, technical director, etc.
5	District managers, department managers, technical vice presidents, etc.
4	Head of functional department, senior professional and technical titles, etc.
3	Deputy positions in functional departments, intermediate professional and technical titles, etc.
2	Clerks, commissioners, officers, junior (assistant level) professional titles and titles of various departments, etc.
1	Front desk, driver, cleaning, doorman, etc.

Table 2. Level 1 salary grade data table (Unit: Yuan)

Level	bandwidth	Job position	Number of levels within the same level							
			1	2	3	4	5	6	7	
1	80%	Front desk etc.	1786			2500				3214

5.4.2 Trial Calculation

1. The upper and lower salary levels and the increase of adjacent grades within the same grade are determined: according to the content of Table 1, the salary level of a certain company can be obtained as 7 levels. At the same time, according to industry experience, the salary level should be an odd number, and adjacent files the growth rate between levels must be at least 15% and above. 2. Clarify the median salary of level 1. The median salary in the first level is generally obtained by counting the salaries of all employees in the position and calculating the average value. In this article, the median value is assumed to be 2500 ¥. Its position is the 4th level $\{(7 + 1)/2 = 4\}$, that is, the 4th level of the first-level salary level is 2500 yuan. 3. Clarify the minimum and maximum wages for level. 1. According to the above minimum and maximum calculation formulas, the relevant results of salary levels, grades, etc., and set the bandwidth of the first salary level to 80%, the rounded data in Table 2 is obtained. 4. Clarify the minimum and maximum values in the upper and lower salary levels. The minimum value of the second level = the minimum value of the first level * (1 + incremental ratio); the maximum value = the minimum value * (1 + bandwidth), and the rounded data in Table 3 is obtained. Other salary levels can be calculated by analogy at one time. 5. According to the above calculation formula, clarify the difference and overlap between adjacent wages at the same level, and finally get the data in Table 4. Then the trial calculation phase of broadband salary is completed. 6. Adjustment and correction. The most common situation that needs adjustment is that the existing salary level of some employees is far beyond or far below the standard in the new salary system after trial calculation. The indicators involved in adjustment are median value, incremental coefficient and bandwidth. Only after continuous calibration, can we really try to figure out a broadband salary system that is in line with the company’s present and future.

5.5 Determine the Applicable Position and Salary Grade

After completing the calculation of the new salary system, determine the employees’ salary package under the new system, mainly based on factors such as the employees’ current salary and job importance. Specifically, 1. If the employee’s current salary level is lower than the first level of the lowest level in the corresponding level under the new system, the first level of salary in this level will be directly used as his salary. 2. When an

Table 3. Example of minimum and maximum salary for level 2 (Unit: Yuan)

Level	bandwidth	Incremental ratio	Job position	Number of levels within the same level						
				1	2	3	4	5	6	7
2	85%	25%	Commissioner etc.	2143						3965

Table 4. Summary table of results of trial calculation of broadband salary for an enterprise (Unit: Yuan)

Level	bandwidth	Incremental ratio	Overlap	Number of levels within the same level						
				1	2	3	4	5	6	7
1	80%	20%	59%	1786	2024	2262	2500	2738	2976	3214
2	85%	25%	53%	2143	2447	2750	3054	3358	3661	3965
3	90%	30%	49%	2679	3081	3483	3885	4286	4688	5090
4	95%	35%	44%	3483	4034	4586	5137	5688	6240	6791
5	100%	40%	39%	4702	5485	6269	7052	7836	8620	9403
6	110%	45%	37%	6582	7789	8996	10203	11409	12616	13823
7	120%	–	–	9544	11453	13362	15271	17180	19089	20998

employee’s salary income is between adjacent salaries under the new system, it can be determined whether the employee is a high-end or a low-end salary based on factors such as his performance, ability, and job importance. In short, it is necessary to dynamically select the salary grade and salary package under the new salary system according to the specific situation of the employees and positions, so as to better motivate employees to work hard.

5.6 Dynamic Management, Forming a Salary Ladder Diagram

Under the premise of ensuring a smooth transition of the enterprise, the broadband salary system will be gradually implemented. At the same time, the management should communicate with all employees in depth many times, and feedback the implementation process from time to time to eliminate employees’ anxiety, let employees clarify the purpose of broadband compensation implementation, so that all employees and the company can grow together. The broadband salary system is not static. With the market salary level, the industry in which the company is located, the development stage of the company, the ability of employees and other factors, it must be dynamically updated and adjusted to ensure that the overall salary level of the company is competitive internally

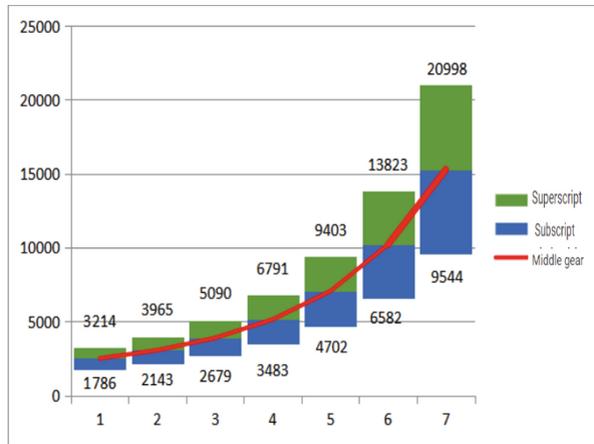


Fig. 4. An enterprise broadband salary cloud ladder diagram

and attractive to the outside world. Finally, the salary ladder diagram corresponding to the trial calculation case data is formed for enterprises to refer to (Fig. 4).

6 Concluding Remarks

In short, while broadband salary provides companies with a new salary design system, it also has its own shortcomings. In the actual operation process, enterprises must closely follow the six-step design steps according to their own actual needs and characteristics, and implement them layer by layer, so that the broadband salary system can bring substantial benefits to the enterprise.

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