

Analysis of Enterprise Compensation Incentive Mechanism from the Perspective of the Internet----Taking Four Listed Companies as an Example

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Abstract: Compensation incentive mechanism is a necessary condition for enterprises to maintain competitiveness. As the core of the financial system, enterprises must have a mature and efficient compensation incentive mechanism. This paper takes corporate compensation incentive as the research topic and conducts qualitative research and analysis on four listed companies through case analysis. Some of these companies include Akamai Technologies, Inc., Splunk Inc., Twitter Inc., and Facebook Inc. The study found that enterprises need to use different salary systems to motivate employees to work. The compensation policy in these companies will be transparent in providing the business model used in compensating employees. The transparent approach helps in advocating for a high-performance corporate culture organization understood by employees. Also, it will cover all the compensation strategies used in these four companies.

1. Introduction

Companies have different compensation strategies which they use in their day-to-day activities. The reimbursement policy summarizes the compensation strategy, how it is calculated, who should access it, and the approval conditions. It is associated with the internal structures of a company that determines the wages of workers. The compensation framework examines the elements of the compensation structure in a company, how they are implemented, and terms for the employees as the reimbursement elements can be used in their multiple scenarios. For instance, each staff member is interested in the wage model and the reimbursement from his organization. The compensation model is used to examine details of the reimbursement elements and different ways of achieving the highest unlimited money.

2. Data and method

2.1 Akamai Technologies. Inc.

This is an international content delivery network (CDN), cybersecurity, and cloud service organization that offers web and internet security services. It is one of the biggest distributing computing platforms across the globe [20]. It manages a network of servers around the world and distributes out capacity on these servers to consumers who want to improve the performance of their websites by sharing content from close to the proximity of the user.

2.2 Splunk, Inc.

An American information technology corporation situated in San Francisco, California, develops software for searching, tracking, and investigating machine-generated data through a Web-style interface. Its software is used to record, index, and integrate real-time events in a searchable repository that generates graphs, reports, alerts, dashboards, and visualization [10]. Splunk uses machine data to investigate data patterns, create metrics, fix problems, and provide intelligence for business activities.

2.3 Twitter, Inc.

This is an American microblogging and social media platform that allows users to share and post content and interact with messages known as tweets. Also, it will enable registered users to like, post, and tweet messages [3]. Users use Twitter through browser or mobile frontend software or through programs designed using APIs. The tweet's character limit is 280 characters, and audio and web are 140 seconds.

2.4 Facebook, Inc.

This is an American multinational technology organization situated in Menlo Park, California. It owns Instagram, Whatsapp, and Oculus and is one of the world's most expensive corporations among the Big Five corporations in the U.S [7]. It generates revenue by selling advertisement placements to companies.

This paper uses case study method to lucubrate the problem of enterprise compensation incentive in different environments. Specific analysis is as follows.

3. Results and discussion

3.1 Case description

Akamai Technologies, Inc.

This executive summary will describe the principles of Akamai. Inc. on executive compensation, how its principles correlate with the organizational pay outcomes, and different reimbursement models and performance targets. Also, it will examine effective payment strategies and approaches. The Company plans to integrate its executive settlement with a performance by: Analyzing yearly bonuses to performance against various financial techniques that require rigorous economic methods for payment [20]. It will examine performance-based vesting stock units that require the implementation of strict financial goals to vest. The compensation policies will grant controlled stock units that require Akamai, Inc. to achieve relative shareholder return to the vest.

Splunk, Inc.

Splunk Inc., executive compensation program is structured to attract, motivate and implement strategies that will improve the performance of the Company. A salary that examines performance and integrates with the wellbeing of long-term stockholders is essential to the recompense program approach and model. The model of its executive program will incorporate important performance analyses allied with its business model and long-term stockholder value creation [10]. In 2021, the financial budget focused on an administrative reimbursement program on short-term cash bonuses designed to influence top-line growth and long-term equity reward to increase yearly recurring revenue (ARR), operating cash flow, and stock price performance.

Twitter, Inc.

Twitter Inc. is dedicated to first-class corporate governance that will promote the long-term interest of its stockholders and strengthen the board of directors and advocate for the responsibility that will earn public trust. The Company plans to create a Governance Resources profile on its Investor Relations blog [3]. It will include information concerning its commitment to corporate responsibility and sustainability. The Company is planning to publish its Twitter Transparency Report on a biannual basis which encompasses comprehensive information and highlights trends concerning Twitter Rules enforcement, platform management, and unauthorized logins.

Facebook, Inc.

The Company is determined to connect people across the globe through its social media platforms. It is planning to hire and retain a well-trained group of engineers, products, sales, and administrative professionals to help the Company achieve its missions in the market. Also, its administrative panel must possess and display effective management and supervision competencies. The reimbursement plan for its managerial officials is designed to support the following objectives: hire topnotch professionals in management positions and influence its managers to deliver topnotch

services that will improve the performance of the Company. Also, motivate its managers to focus on its company priorities [7]. Also, there is a need to ensure executives have rewarded a total reimbursement package that motivates their long-term retention. The Company is planning to award employees with the best work ethics with proportionate levels of settlement. Conclusion: there is a need to integrate executives' and shareholders' interests in the Company's performance through long-term incentives. The compensation program is based on equity reimbursement through restricted stock units (RSUs). The cash compensation is below market comparative to administrative settlement at its peer corporations. The Company's business model focuses on equity reparation that offers the best drive force to its organizational representatives on the mission and successful quest of its precedence's. Also, there is a need to integrate its interests with the long-term goals of its shareholders.

3.2 Case analysis

Akamai Technologies, Inc

The compensation opportunity for its NEOs is based on the following significant elements: base salary, annual bonuses, and long-term equity incentives. Based on the long-term equity inducement plan, Akamai, Inc. provides three types of awards: time vesting RSUs, PRSUs, and TSR-based RSUs [13]. Also, in implementing decisions on additional balancing compensation, the Company focuses on its overarching compensation principles.

Compensation Policies and Practices Highlights

Based on the business model of Akamai, Inc, annually, the T.L. & C Committee examines the efficiency of the performance of its reimbursement plan. Also, it investigates the final metrics used on multiple programs relative to those used by its peer group organizations. Akamai Technologies, Inc. determines whether its compensation correlates with its performance in the market [13]. The Company has been implementing policies that have strengthened and improved its administrative reimbursement strategies and models.

Executive Compensation Program and Results

Base Salary

It is designed to meet NEOs' needs with a fixed sum of yearly cash reimbursement. The TL & C Committee uses the base income to draw and hold on to employees by providing a dependable source of revenue. Base wages reflect a small proportion of the Company's overall reward to ensure that its programs provide structures similar to stockholders' interests. Also, it motivates strong businesses performance without excessive risk-taking [13]. For instance, in 2020, the Company focused on achieving its documented 30% non-GAAP operating main target.

Annual Bonuses

These are performance-based awards designed to influence significant business outcomes while compensating NEOs based on their impact on Akamai's market performance. Annually, the T.L. & C Committee has yearly objectives for each NEO role and Target Annual Bonus, measured in terms of percentages of base wages, based on each NEO's roles and tasks, internal equity reflection, and peer group metrics. Also, the T.L. & C Committee stipulates that the Target Annual Bonus Opportunity must constitute a more significant share of a NEO's objectives total reimbursement as the employee's level of accountability appreciates [9]. Based on the 2020 reimbursement structure, each NEO had the privilege of earning a maximum of 0% and 200% of his Target Annual Bonus Opportunity based on performance against objective financial aims. The TL & C Committee trusts that these objectives and strategies influence a balanced approach to revenue increase and productivity.

Splunk, Inc

Executive Compensation

Based on SEC rules, Splunk, Inc. requested its shareholders to consent, on a consultative, non-binding source, the reimbursement of its designated administrative representatives as stipulated in the reward discussion investigation. This proposal is defined as a say-on-pay offer, grants shareholders the chance to air their grievances on its designated managerial representative's recompense as a team [15]. This model is not designed to highlight any particular topic of payment

or any detailed appointed administrative representative but rather the total reimbursement of all its designated management officials and the attitude, strategies, and models highlighted in this substitute report.

The Say-on-Pay vote must obtain approval from few members of shareholders present in person or by a substitute at the conference and be permitted to vote. Abstentions are viewed as polls cast, and they have the same impact as a vote "Against" the plan. Broker non-voters do not affect the results of the outcome [9]. The Say-on-Pay poll will provide data concerning shareholders' demands about its administrative reimbursement viewpoint, strategies, and policies, which the reimbursement commission will examine when reviewing managerial reward for the remaining financial years. Splunk's, Inc. values the opinions of its shareholders in doing business.

The executive compensation plan effectively achieves the Company's goals: Hiring, compensating, and keeping trained managerial officials with the required expertise and management to improve a company's performance [15]. Also, the direct link incentive compensation for our executive professionals will help achieve the Company's financial performance. The process of structuring long-term inducements must ally with the objectives of the managerial representatives with those of partners.

Compensation Discussion and Analysis

Splunk, Inc. will provide cloud and software services that deliver and operationalized metrics from the data provided by online platforms. This data is rising at an alarming rate due to the occurrence and significance of online platforms used by modern companies. The information distributed by these platforms has an inclusive, concurrent record of activities, engagements, and connections for companies. Also, investing in the digital world has incorporated the hardware and software that contain digital media into different aspects based on how modern companies' function. In turn, our services translate into metrics that advance technology and business results for consumers [15]. The resolutions for Security, Information Technology (I.T.), Operations, and Observability encourage experts in I.T. fields such as cybersecurity, I.T. operations, and systems development to track and protect online platforms faster. Consumers prefer using our services to increase visibility to their digital media to deliver exceptional services, advance resolutions, and improve supply chain, manufacturing, sales, and services.

Twitter, Inc

Twitter is a platform used to help people socialize and interact. It allows people to absorb, create, share and discover content on the network. Based on specific topics, interests, and trends help in knowing events taking place worldwide. The Company has introduced broadcasts and on-demand video platforms across Twitter through collaborations with media programs and its online shareholders [6]. In 2020, the Company decided to serve the public by helping them to find trusted sources of information on the platform. Also, progress was recorded in terms of branding and direct response roadmap with updated advert formats in the market.

Executive Compensation Highlights

New annual administrative enticement reimbursement strategy (Annual inducement approach): Twitter, Inc.'s compensation structure is designed to connect settlement results to attaining fiscal and performance objectives. Its financial year 2020 incorporated different business models. Augmented performance-based by Pay Mix, in 2020, its reimbursement group merged a conventional strategy more insightful of how corporations reimburse their executive by totaling a yearly cash enticement to recompense precise short-term outcome goals [6]. In 2020, its reimbursement commission granted yearly cash expenditure that stressed the outcome of income, productivity, and individual results.

However, in 2020, the Company did not meet the income and productivity goals set by the reimbursement commission. It surpassed the threshold level of performance for the income data to finance a reward at 30% of the target under the Annual enticement approach. Based on performance based RSU (PRSU), the Company recorded a two-year performance period for 2019-2020 different from the total shareholder (TSR) award issued in the financial year of 2019. Also, more extended PRSU performance and PRSU and RSU vesting programs aligned with market and shareholder best strategies. The Company incorporated a more extended performance period for its TSR approval in

2020, shifting from a two-year to a third-year performance period [6]. Also, the Company changed the vesting strategy for Financial PRSUs approved in 2020 that may be achieved from a one-year investment plan after the performance period to yearly vesting over three years. Twitter, Inc emphasized continued pay-for-performance where 90% of the target total direct reimbursement strategies for our NEOs as a group in the financial year of 2020.

Compensation Philosophy and Goals

Twitter, Inc decided to change its strategy to draw and keep cutting-edge professionals who are alert, can think quickly on their feet, and increase the Company's performance. The objectives of the administrative reimbursement plan are to hire, attract, and keep well-trained employees willing to improve the brand of the Company based on its business model [6]. Also, to promote a healthy approach to risk, that must improve its values, which motivate the managers to deliver the highest level of Company, team, and individual performance in the market. The Company decided to provide a meaningful long-term incentive that correlates with the interests of its executive officers and shareholders.

Compensation Setting Process and Peer Group

Twitter, Inc. has been experiencing a timeline of quick expansion, growth, and adjustment in competitive business and technological settings. They must implement various factors in determining individual compensation terms with the executive committee. The compensation committee's role in the Company is based on self-governing managers and is liable for managing the administrative reimbursement plan [6]. The reimbursement commission endorses reward terms for the other managerial representatives to make concerning the CEO's reward to the entire board of directors.

Facebook, Inc

The executive compensation program relies on equity reward in the form of restricted stock units (RSUs). This approach correlates with a cash reward structure below market value compared to our peer organizations' managerial reimbursement. Also, the Company funds its organizational officials an annual equity reward with service-based vesting terms where the inauguration of vesting is delayed to a further date. Therefore, we need to advocate for equity reimbursement as the best tool to focus on our administrative official's objectives and improve the Company's performance [12].

Compensation Governance

The reimbursement, nominating, and authority will advocate for sound executive practices based on pay-for-performance philosophy. Also, it will manage risks and incorporate the administrative reimbursement plan with long-term shareholder interest [12]. Some of the principles include Conducting an annual assessment and consent of the reimbursement plan with the help of its self-governing recompense specialist, Compensia, Inc. Also, the Company will retain discretion on bonus payouts to help its address unforeseen events.

The Company will not provide post-employment payment or benefits other than death-related benefits to its employees. The compensation philosophy and governance strategies are incorporated with specific policies and practices that correlate with the executive program's long-term shareholder interests [12]. The executive committee will participate in broad-based company-sponsored health and welfare benefits programs based on a full-time job.

Compensation-Setting process

The compensation, nominating, and governance commission is required to oversee all features of the administrative reward plan, such as managerial income, payouts under a bonus plan, the size and strategy of equity rewards, and administrative privileges. This approach is designed to examine the compensation of the Company's CEO and review and approve the settlement of other executive officials [12]. This program has provided a platform for the executive committee to interact with its advisors in running the Company.

Elements of Executive Compensation

Base Salary

The compensation, nominating, and governance committee states that base salaries are essential for attracting and retaining well-trained executive officers. The executive committee's responsibility is to review all officers' base salaries annually and change from time to time [19]. Over the past

decade, the administrative officials received base income within a narrow range that was implemented at the Company's inception with cash restrictions and based on plans to observe internal pay equity among the managerial representatives. However, the Company has expanded its operations, thus increasing its base salaries for the executive officers.

Cash Bonuses

Facebook, Inc. bonus plan outlines variable cash rewards paid twice in a year. They structured to encourage the administrative representatives to focus on the organizations objectives and recompense them for individual performance and results. For instance, in 2020, the respective target bonus ratio for each designated administrative official was 75% from 2019. However, the base salary for executive officers went through some changes because it was below the 25th percentile of the target total cash reimbursement of managers with comparable job group levels at the organizations peer group. In 2020, the Company decided to review a six-month performance period under the bonus scheme. A set approved this process of company objectives to focus on administrative officials on critical performance areas for the timeline in inquiry [19]. During this period, the company objectives failed to meet the set objectives required to examine performance under the bonus plan. The compensation, nominating, and governance committee implemented its discretion by investigating the company performance percentage in two months. It helped them in outlining strategies of rewarding bonus plans to the executive officers of the Company.

4. Conclusion

The four companies have been effective in assigning bonuses to their employees and executive officers. This is achieved through different compensation strategies such as base salary, annual bonuses, and cash bonuses. For instance, Akamai Technologies, Inc. used its base income to provide fixed yearly cash compensation to NEOs. The TL & C commission uses base salary to draw and keep employees by offering them with a dependable source of revenue [14]. Also, it motivates strong businesses results without incurring losses. Base salaries reflect a merge share of the Company's overall reimbursement to ensure that its programs provide structures similar to stockholders' interests. Also, Facebook, Inc. used its compensation, nominating, and governance committee to demonstrate the importance of base salaries strategies to attract and retain well-trained executive officers [11]. The executive committee's responsibility is to review all officers' base salaries annually and change from time to time. Over the past decade, the executive officers received base salaries within a narrow range that was implemented at the Company's inception with cash constraints and based on plans to observe internal pay equity among the executive officers.

Facebook, Twitter, and Splunk, Inc share the same similarities in compensation philosophy and goals. For instance, in Twitter, Inc., the purposes of the managerial reimbursement scheme are to hire, attract, and keep well-trained employees willing to learn and improve the performance of the company [8]. Also, to promote a healthy approach to risk, that must improve its values, which motivate the managers to meet the objective of the organization, panel, and individual performance in the market. The Company decided to provide a meaningful long-term incentive that correlates with its executive officers and shareholders [11]. Also, in Splunk, Inc., the executive compensation plan effectively achieves the Company's objectives: Hiring, attracting and keeping trained administrative employees with expertise in different fields required to improve a company's performance. Also, the direct link incentive compensation for our executive professionals will help achieve the Company's financial performance. The process of structuring long-term goals must ally with the demands of the administrative representatives with those of our shareholders.

Akamai Technologies and Splunk use a unique strategy of rewarding their employees and executive officers. Akamai Technologies annual bonuses are performance-based awards designed to influence significant business outcomes while compensating NEOs based on their participation to Akamai's performance in the market. Annually, the T.L. & C commission sets objectives yearly for each NEO role and Target Annual Bonus, measures in form of a fraction of base income, based on each NEO's roles and tasks, internal equity concerns, and peer group metrics [5]. Also, the T.L. & C

commission stipulates that the Target Annual Bonus Opportunity should constitute a bigger share of a NEO's target total reimbursement as the individual's level of accountability raises.

Splunk, Inc. requests its shareholders to grant, on a consultative, non-binding basis, the reward of its designated administrative representatives as stipulated in the recompense discussion review. This proposal is defined as a say-on-pay plan, granted shareholders the chance to air their grievances on its designated managerial representative reimbursement as a whole [5]. This model is not designed to highlight any particular topic of payment or any specific designated administrative officials, but rather the total reimbursement of its designated managerial representative and the viewpoint, strategies and policies highlighted in this proxy statement.

Based on the business model of the four companies, compensation is given to employees based on their work performance by their superiors. It involves payments such as profit sharing, bonuses, recognition rewards, and sales commission. Also, a company can use non-monetary perks to reward its employee's such as company-paid housing and cars [1]. These factors summarize the importance of compensation in the human resource management process. Rewarding employees gives them a sense of belonging and makes them feel valued and appreciated by their superiors. It helps in motivating to improve their work performance standards.

It is essential to understand that the compensation package given to employees is necessary because it costs money and empowers employees. Compensation models with better pay help in attracting and retaining employees. Also, it projects what an organization expects from its employees [16]. For instance, if the quality is a significant value, it should be implemented through the total compensation system elements. However, running a company's reimbursement program is difficult because it oversees systematically administered and equitable salaries, improves employees' career objectives concerning earnings and aligns employees' personal goals with his organization. This shows that compensation is a synchronized discipline that balances work-employee relations by overseeing monetary and non-monetary perks.

Therefore, well-structured compensation strategies help in retaining employees to an organization. A company benefits from compensation management practices in different ways. It provides a better refund to employees for their involvement in the organization. It creates a favorable working environment for employees by limiting labor turnover in the Company. It improves the job evaluation process, which is fundamental in setting up more realistic and achievable standards. Compensation management is essential in an organization because it motivates employees to increase their performance in their line of work [18]. Companies with compensation strategies are successful because they hold their employees accountable for their actions. This is achieved through transformational leadership. Employees are allowed to exercise their freedom within the context of their organization. The compensation strategies used in the four companies have helped them to retain employees [17]. For instance, Facebook, Inc. is considered one of the most valuable corporations in the United States and globally. This is achieved through laying a favorable environment for employees. The process of rewarding employees helps boost their morale to meet the needs of their Company and their needs. Companies need to change their business model to adapt to the current changes in the market. It will help them in increasing their sales and revenue in the market.

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