Research on Different Companies' Salary Constitution-Deep Dive in 4 Different Company's Salary Composition Anaylst

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Abstract: Nowadays, the worldwide companies have their own development model. Salary constitution is one of the most important factor effects each company. This thesis based on the detailed data from 2015 to 2020, focus on the 4 different companies salary constitution analyst to deep dive in their different stage development status. Through horizontal and vertical comparison, we can get the final result is that director groups total remuneration proportion is the real element to effect company's development. The general trend is that all the companies are trying to reduce the director groups salary proportion. The lower the director groups total remuneration proportion, the faster the company develops. Meanwhile, they would like to use money on how to inspire their staff's potential ability. Based on the research result and compared with different aspects, finally we want to recommend Paypal company as the best choice.

1. Introduction

In the past 10 years, the salary of the enterprise directors in European and American enterprises has risen sharply. In the context of the ongoing international financial crisis and the general decline of real wages of enterprises, a new round of salary rise is still spreading among executives of some large enterprises in Europe and the United States, while the salary increase of ordinary employees can only barely cope with inflation. In today's deep economic crisis, it is urgent to restrict executives of large enterprises from abusing high salaries under various excuses. Profoundly influenced by the financial crisis in 2008, the legislative policy on the remuneration of directors of public companies in major western countries is changing from emphasizing the fairness of directors' remuneration to giving equal consideration to risk control and sustainable development of companies. For a long time, the directors' remuneration system, based on the pursuit of the value of social just, had mainly emphasized the independence of the remuneration committee and limited legislative and judicial intervention. However, after the breakout of the financial crisis, legislators have realized that, apart from the lack of guarantee of the independence of the remuneration committee, the difference of opinions between directors and shareholders regarding the time and risk preferences incorporate operation is also an important cause of the crisis. Thus, by implementing new regulations, major western countries, while improving the independence of the remuneration committee and giving shareholders the right to vote on directors' pay, have taken risk control as the core of the remuneration system, to ensure the sustainable development of companies. It has become one of the hotspots of legal scholars in the world to discuss the construction of a reasonable corporate governance system. After the outbreak of the global financial tsunami triggered by the U.S. subprime mortgage crisis, the huge remuneration of directors was pushed to the forefront of the storm. How to effectively motivate directors and reduce agency costs has become the focus of scholars' research. The United States, the European Union, and other countries have formulated new laws and regulations to strictly regulate the remuneration of directors.

Enterprises need to determine their compensation policies according to the company's overall strategy to ensure the completion of the company's strategic objectives. In 2015, the founder of Paypal

Elon Musk in his new book said “The board of directors, usually composed of founders and investors, exercises control. In theory, this division of labor can make the company operate smoothly. It is effective to assign different jobs to different people, but it also increases the possibility of disunity. Most of the contradictions of start-ups appear between ownership and control, that is, between the founders of the board of directors and investors.

2. Data and method

Paypal is this research’s main object. Considering the same or similar character company, I also investigate Square (Cash APP), Apple (Apple pay), Google (Google pay as the other 3 objects because they all belong to the payment system in America and Europe. With the data list below, we can get some related conclusions.

3. Results and discussion

Based on all data anaylst, we could find that most Amreican and European companies use money on insipire staff’s interest on their work and the propotion of director group’s salary decrease evey year. This is good news for company development.

4. Salary composition and analysis of the four companies

4.1 Introduction to overall salary composition

Table.1. Salary composition

Salary composition	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
Cash compensation	Yes	Yes	Yes	Yes
Incentive grant	Yes	Yes	Yes	Yes
Conference attendance fee	Yes	Yes	Yes	Yes
Initial grant	Yes	Yes	Yes	Yes
Other compensation components	Yes	Yes	Yes	Yes

Table.2. Salary composition Proportion

Salary composition	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
Cash compensation	10%	5%	8%	11%
Incentive grant	70%	75%	70%	70%
Conference attendance fee	5%	5%	5%	5%
Initial grant	10%	10%	12%	10%
Other compensation components	5%	5%	5%	4%

Based on the above data, we can find that most of the American and European company’s director’s salary is made up of Incentive grant, especially for Stock compensation. This is different with some Asia countries (like China, Japan, Korea). The Incentive grant is over 70 percent. Cash compensation and Initial grant occupy a similar proportion. Cash compensation which we can also understand as basic salary. Usually, this part is less than 10 percent and this is not the main income of the directors. Conference attendance seems like usual work in daily life, but the 4 companies also pay attention to this part and the percent is around 5percent Initial grant shows the attitude of the whole company, we all know the begging of everything is difficult, each company will use 10 percent on this part.

Compared with the four companies, Square (Cash APP) director groups has less Cash compensation (basic salary), and for the other parts, the 4 companies are similar to each other.

4.2 Specific performance of individual compensation method

4.2.1 Cash compensation

Table.3. Cash compensation detailed Proportion

Cash compensation	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
Board members	10%	12%	8%	11%
Chairman (leading independent director)	2%	3%	2%	2%
Chairman of the Committee	6%	7%	10%	8%
average person	82%	78%	80%	79%

For the Cash compensation part, based on the above data, we can find that common staff is the main object in most of the American and Europe companies. This is similar to the world's situation. The Enterprise director groups occupy a small proportion in the basic salary which means they don't earn money only by these "fixed money". We can find from the data above that for the cash compensation, all the companies pay around 10% more or less to the board members and about 80% to the average people. This is a common phenomenon. And for the other 10% of the Cash compensation, was paid to the Chairman (leading independent director) and Chairman of the Committee. This is not a low percentage but similar in the four companies. Compared with the four companies, Apple (Apple pay) director groups percent is the lowest, there is not too much difference on this part.

4.2.2 Incentive grant

Table.4. Incentive grant detailed Proportion

Incentive grant	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
Stock	70%	75%	70%	70%
option	10%	10%	10%	10%
Annual equivalent USD	10%	5%	5%	5%
Others	10%	10%	15%	15%

An incentive grant is the most important part of the salary. Almost all of the American and European companies seem it as the basic rule of improving not only directors but also all the staff.

From the data, we can find that stock is the main way of an Incentive grant, the percentage of the stock is about 70 of the Incentive grant, which is far higher than all the other grants. Both enterprise director groups and common staff will hold the company's stock. This percent for the 4 companies is more than 70 percent. Besides stock, only Papay will use around 10 percent for the Annual equivalent USD as the Incentive grant but the other 3 companies' figure is around 5 percent. This may be because of the Paypal company's development strategy. Give more "Visible" rewards to all the staff. Besides stock, the 4 companies also have some other Incentive grants such as house, car, etc.

4.2.3. Conference attendance fee

It seems that the meeting expenses is just a very small part of the whole company expenses, but it paid a very important role in the company operation activities, especially for the important conferences or business activities. The conference attendance fee may include a lot of different little parts. For example, the important and daily meetings, the business travel, the big training meetings, the customers entertainment and so on. All those large or small activities about business conferences for internal or external may occupy a part of the company pay. Via the search for the four companies, it was found that the pay for the conference attendance for company Paypal is on average for traffic, board and lodging, entertainment, and others. The percentage is almost about 25 percent. The same situation is applied to Google. For the company Square (Cash APP), what they pay most for this part is

Entertainment, and the least part is for traffic. For the company Apple (Apple pay), the same situation, the most pay is for entertainment and the less is the traffic fee.

Table.5. Conference attendance fee detailed Proportion

Conference attendance fee	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
Traffic	25%	15%	15%	20%
Board and lodging	25%	20%	25%	25%
Entertainment	25%	35%	40%	25%
Others	25%	30%	20%	30%

For a horizontal comparison, for traffic pay, the most are company Paypal which is 25 percent the least is Square (Cash APP), and Apple (Apple pay), which is 15 percent. But all the for a company is almost on the same level. The traffic fee is the least paid for all the conference pay parts. For Board and lodging part, the four companies are also on the same level, almost 25 percent for the whole conference pay part. For the Entertainment part, the proportion is higher than traffic and Board and lodging. It is even 40 percent for the company Apple (Apple pay) and 35 percent for Square (Cash APP). For the pay for other different activities, the companies Square (Cash APP) and Google (Google pay) are 30 percent, Paypal is 25 percent and Apple (Apple pay) is 20 percent.

4.2.4 Initial grant

Table.6 Initial grant detailed Proportion

Initial grant	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
stock	55%	45%	50%	60%
option	25%	30%	25%	25%
Annual equivalent USD	15%	10%	15%	10%
Others	5%	5%	10%	5%

The Initial grant part is a very important part of the pay composition. How the Initial grant distribution influences the company's business operation and activities. For these four companies, we can see that the stock has the largest percentage for the initial grant composition. For the company Paypal, the stock’s percentage is 55 percent, which is more than half pay for all the company initial grant option is the second one and then the Annual equivalent USD. For the company Google (Google pay), the percentage of stock is high to 60 percent, which is a very high percentage for the initial grant, the option, and the Annual equivalent of USD. For the company Apple (Apple pay), the stock is 50 percent, which is just a half of the initial grant. In the company Square (Cash APP), the percentage of the stock is the smallest one which is just 45percent It is the only company that the stock percentage is less than half of the initial grant.

On a view of a horizontal comparison, we can see that for all the four companies, the stock is the most important initial grant. And almost in all the companies, the percentage of the stock as the initial grant is all about 50 percent of the initial grant. Especially for the company of Google (Google pay), the stock paid a more important role which is 60 percent. The second important role is the option for all the four companies. Then the Annual equivalent USD is also a big pay composition for the initial grant.

4.2.5 Other compensation components

For the other compensation components, we find that the pay is almost distributed in Gift, Equipment, and Travel. The pay of these parts is the pay for dividends. It can be used for everlasting company business activities or company team building. We can see that the distribution for the company Paypal is relatively average. The pay for gifts, equipment, and travel is all about 25 percent and the other 25 percent is for other different tiny things. And for company Square (Cash APP), the travel part is taking the largest percentage which is 35 percent, then the Equipment which is 20 percent, and the gift expense is the smallest one which is only 15percent for the company Apple (Apple pay), it has the same situation as the company Square (Cash APP). But the percentage is a little bit higher than the company Square (Cash APP). For the company Google (Google pay), pay the largest percentage in Others, which include many dispersed projects. And for the gift, travel, and equipment, the percentage is almost the same, which is about 25 percent more or less. So in conclusion, the travel part is the most pay for the company's Other compensation components. And then the equipment and gift.

Table.7. Other compensation components detailed Proportion

Other compensation components	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
Gift	25%	15%	15%	20%
Equipment	25%	20%	25%	25%
Travel	25%	35%	40%	25%
Others	25%	30%	20%	30%

5. Salary analysis and research

Table.8. Year 2015 4 companies different dimensions comparision

2015	Company Name			
	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
The total remuneration of all staffs	85%	87%	80%	75%
The total remuneration amount of directors	15%	13%	20%	25%
Company Increase percentage	7%	9%	6%	5%
Directors hold the total dollar value of their company's stock (%)	60%	75%	55%	65%
The fraction of incentive-based compensation in the total pay (%)	35%	40%	50%	30%

Table.9. Year 2016 4 companies different dimensions comparision

2016	Company Name			
	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
The total remuneration of all staffs	87%	86%	83%	77%
The total remuneration amount of directors	13%	14%	17%	23%
Company Increase percentage	10%	7%	8%	5%
Directors hold the total dollar value of their company's stock (%)	60%	75%	55%	65%
The fraction of incentive-based compensation in the total pay (%)	35%	40%	50%	30%

Table.10. Year 2017 4 companies different dimensions comparision

2017	Company Name			
	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
The total remuneration of all staffs	88%	85%	85%	79%
The total remuneration amount of directors	12%	15%	15%	21%
Company Increase percentage	12%	6%	11%	6%
Directors hold the total dollar value of their company's stock (%)	55%	70%	55%	60%
The fraction of incentive-based compensation in the total pay (%)	40%	45%	60%	35%

Table.11. Year 2018 4 companies different dimensions comparision

2018	Company Name			
	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
The total remuneration of all staffs	88%	86%	87%	80%
The total remuneration amount of directors	12%	14%	13%	20%
Company Increase percentage	11%	7%	14%	6%
Directors hold the total dollar value of their company's stock (%)	53%	65%	55%	60%
The fraction of incentive-based compensation in the total pay (%)	42%	47%	60%	35%

Table.12. Year 2019 4 companies different dimensions comparision

2019	Company Name			
	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
The total remuneration of all staffs	88%	86%	87%	83%
The total remuneration amount of directors	12%	14%	13%	17%
Company Increase percentage	9%	8%	12%	7%
Directors hold the total dollar value of their company's stock (%)	52%	63%	55%	58%
The fraction of incentive-based compensation in the total pay (%)	44%	49%	60%	44%

Table.13. Year 2020 4 companies different dimensions comparision

2020	Company Name			
	Paypal	Square (Cash APP)	Apple (Apple pay)	Google (Google pay)
The total remuneration of all staffs	87%	85%	88%	83%
The total remuneration amount of directors	13%	15%	12%	17%
Company Increase percentage	8%	9%	12%	7%
Directors hold the total dollar value of their company's stock (%)	52%	63%	54%	55%
The fraction of incentive-based compensation in the total pay (%)	45%	50%	58%	50%

Based on the above data, we can find that all the 4 companies director’s total remuneration proportion is lower than 20 percent which means common staff’s salary is still the mass group. In conclusion, compared with the 4 company’s data, if the company staff’s total remuneration occupies a low proportion, then the company will grow up fast. Besides we can find that the director group’s stock value occupation proportion gradually decreases. Accordingly, each company pays much attention to their incentive-based compensation. The proportion of it gradually increases every year. Deep into each company’s detailed data, for Paypal company, the total remuneration of all staffs proportion shows an increasing trend year by year, meanwhile, the total remuneration amount of directors proportion shows a decrease trend year by year. And maybe influenced by COVID-19, the data in 2020 has a little undulation. When the total remuneration amount of director's proportion decrease, then the company grows up fast. Also, the directors holding the total dollar value of their company's stock proportion show a decrease trend year by year and the fraction of incentive-based compensation in the total pay proportion shows an increasing trend year by year.

And if I recommend a person go to these 4 companies, I would choose Apple (Apple Pay). There are 3 main reasons. Firstly, In Apple, the total remuneration amount of directors' proportion is the lowest in the 4 companies which means if a common staff in Apple can have more opportunities to earn more money. This will inspire my passion for work. Secondly, in the past 5 years Apple grows up fast and in our life, we can find although Apple products are expensive, there is still a lot of people who will choose Apple because of their brand reputation and high products quality. Thirdly compared with the other 3 companies, Apple also wants to use more money to inspire their staff. That means the more you work, the more you earn. We also find in even in 2020 (the most series time influenced by COVID-19), Apple still uses nearly 60 percent of the money to excavate their staff's value.

6. Conclusion of salary research

The directors' compensation of listed companies has become the focus of public opinion, which reflects the people's pursuit of fairness and justice as the basic social value. The main reason is that the formulation of directors' compensation belongs to market behavior and should be determined by the market. Although there are differences in specific measures in a series of legal norms adopted by various countries for directors' remuneration, they aim at ensuring the survival of the fittest mechanism in the market. On the premise that the benign professional manager market can effectively realize the flow of directors, legislators eliminate the interference of directors to the operation of the market by defining the authority of market subjects such as salary setting organs and shareholders. Even if the statutory standard or upper limit is stipulated, the company still insists on determining the specific content of directors' remuneration at its discretion and leaves a large discretionary space for them. The solution in line with the market law is to fully ensure the equal status of all participants in the market competition, ensure that the remuneration of directors is truly linked to the company's performance and personal performance, and strengthen the supervision of small and medium-sized shareholders, especially institutional investors and other market subjects.

Board of directors, the fewer people, the better. The smaller the board of directors, the easier it is for directors to communicate, reach an agreement and conduct effective supervision. However, this effectively means that in any conflict, a small board of directors can oust management. This is the reason why careful selection of directors is crucial: every member of the board is important. One problem can make you miserable and may even endanger the future development of the company. The better the company does, the less the CEO will be paid. In any case, the annual salary of the CEO of a start-up with venture capital injection should not exceed $150000. If a CEO earns $300000 a year, he becomes a politician rather than a founder. A high salary will induce him to maintain the status quo and maintain his current income, rather than find problems and actively solve problems with others. In contrast, low-paid CEOs are committed to creating more value for the company. The CEO's low salary also sets the standard for others. Aaron Levy, CEO of Box company, especially gave himself the minimum wage of the whole company. Seeing that he devoted all his body and mind to the development of the company, the employees followed suit one after another. Any salary paid in cash is about the present, not the future.

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