



Research on Salary Management in Hotel Industry and Its Countermeasures: A Case Study of V Hotel

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ABSTRACT: Compensation management is an important task in human resources management in modern enterprises. Its effectiveness is related to employees' work efficiency and directly affects the cohesion and core competitiveness of enterprises. This study aims at finding effective improvement measures by analyzing the existing problems in the hotel industry compensation system. This article uses V Hotel employees as a case study, where one of the researchers has been working as an intern, adopts purposive sampling, and distributes questionnaires online/offline. After the distribution of the questionnaires in this research, a total of 56 questionnaires were collected. After reviewing the data content and deleting 3 invalid questionnaires, a total of 53 valid questionnaires were collected, and the effective questionnaire recovery rate was 94.6%. The findings showed that there were some problems in the compensation system, including unreasonable composition ratio of salary, lack of competitiveness of salary management system, and failure of people-oriented performance appraisal system. The proposed corresponding countermeasures provided some guidance and significant reference for optimizing salary management.

Keywords: Salary management; Employee motivation; Salary fairness; Problems and Countermeasures

Introduction

1.1 Research Background

Since China's reform and opening-up, its economy has grown rapidly, the hotel industry has risen quickly, and the number of small and medium-sized enterprises has increased significantly, resulting in a rapid increase in labor demand. Enterprises face great challenges in retaining old employees internally and absorbing high-level talents externally. In addition, due to the characteristic of the industry, employees' mobility is high, and their turnover is very common. Establishing a systematic framework for human resources management and maintaining a human resources management system that integrates scientific principles with humanistic approaches (Wei, 2019). However, most hotel managers in the current domestic market do not pay enough attention to human resources management. They usually only focus on employee production and operation efficiency and actual sales activity performance, and often ignoring other factors such as employee psychology and employees' job satisfaction, which easily leads to low employee motivation and high employee turnover rate and many other problems. In the case of this study, the average employee turnover rate at grassroots level is 10%-15%. However, after the large-scale outbreak of the Coronavirus pandemic (COVID-19) in 2020, the employee turnover rate at the grassroots level can reach 20%, and even higher than 28% in 2021. The problem is more serious. Employee turnover not only affects the company's human resource supply and increases the cost of employee turnover, but also affects the company's long-term development, the creation of core competitiveness and the cultivation of outstanding talents (Long, 2017).

In this special environment, how to attract and retain talents has now become the subject of intensive research. The salary system is one of the most critical elements in business operations. It can directly affect the direction of the company's personnel salary flow and management. Whether the salary management system is reasonable or not will directly affect the core competitiveness and cohesion of the company. Therefore, if an enterprise wants to realize humanistic management, it must start from the aspect of salary management to make improvements (Zhang, 2021). This study aims at finding effective improvement measures by analyzing the existing problems and at the same time provides reference value and realistic indicators for salary management in the hotel industry.

1.2 Definition of Related Concepts

Salary Management: Salary refers to a fixed amount of money or compensation that employees receive every year from their employer in return for their work. It is classified into material and spiritual rewards, tangible and intangible rewards,

intrinsic and extrinsic rewards, etc. Currently, employee salary includes employees' basic salary, welfare benefits, insurance, etc. Salary management is to fully utilize the role of salary through certain rules and regulations, designing salary structures and other means. It is subordinate to human resources management and aims at achieving a win-win situation for employees and enterprises (Lv, 2019). At present, most hotels in China basically consider three indicators when determining employee remuneration: first, position level; second, personal skill level; third, personal qualifications (Chen,2017).

Salary management is a series of activities that hotel managers take into consideration based on their own development and market environment, after fully investigating and researching employees, and formulating corresponding policies and measures. It plays a very important role in enterprises. In the fierce market competition, salary is one of the key factors in attracting talents. The company's salary management system is very attractive to talents (Li, 2023) and people-oriented. Only by putting people in the development of the enterprise can the hotel industry stand out in the fierce competition. The second is fairness. Under normal circumstances, when the salary is fair, employees usually compare it with the salary of others. Comparison, and the results of comparison will have a great impact on one's own work attitude (Fan,2017). Finally, there is motivation. For enterprises, salary management should not only reflect issues such as the reasonable distribution and utilization of labor value, but also use it as an incentive factor to guide employees' behavior.

Methodology

2.1 Study Population

This study focused on 56 employees of various departments of V Hotel where one of the authors was working as intern. The questionnaire was published online (WeChat, E-mail, etc.) and offline on May 20th, 2023. A total of 56 questionnaires were recovered, 3 invalid questionnaires and 53 valid questionnaires, with a valid questionnaire recovery rate of 94.6%.

Hotel Overview: V Hotel opened in Panyu District, Guangzhou City in 2009, with relatively superior geographical location and convenient transportation. It is a large-scale modern high-end boutique business integrating luxury guestrooms, catering, leisure, and business functions. Employees are divided into six levels. The first level is the group level (A), including directors (A1), presidents (A2) and vice-presidents (A3). The second level is director level (B), directors (Senior B1, Director B2) and deputy directors (Assistant inspector general: B3, Second-level director: B4). The third level is the manager level (C) composed of managers (C1) and deputy managers (C2), the fourth level is the supervisor level (D); Senior and Superintendent (D1, D2), and the fifth and sixth levels are the specialist level and employee level (F) respectively. On this basis, V Hotel divides hotel personnel into 11 job levels (M10 - M0) and 11 salary levels based on their positions and responsibilities, and 17 salary levels under each salary level (as exhibited in Table 1).

Table 1: Comparison of Wages and Other Factors

Level	F	E	D		C		B			A			
Duty	M10	M9	M8	M7	M6	M5	M4	M3	M2	M1	M0		
Title	F	E	D2	D1	C2	C1	B4	B3	B2	B1	A3	A2	A1
Salary-class	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	Special		

Data Sources: V Hotel's Salary Management System

Current Salary Management System:

(1) **Formulate Salary:** According to the needs of V Hotel's development strategy, leaders held multiple meetings with representatives of each department to formulate and implement the salary for each department's respective positions based on the division of the department. Based on the responsibilities, workload, sustainable replacement of position personnel, experience and qualification requirements of the employee's job, the employee's business ability and working years, etc. The basic salary will be comprehensively determined and confirmed, strictly adhere to and resolutely implement all government policies related to the hotel industry.

(2) **Salary Structure:** There are four salary components for employees: ① Basic salary: The determination of the basic salary amount requires reference to the position status and position level of all employees in the hotel. Basic salary is a basic guarantee and is related to the most basic living needs of staff. ② Overtime pay: Reasonably calculated in accordance

with various provisions of government standards. When employees work overtime, standard overtime pay should be given to employees in accordance with regulations.③Performance bonus: Employees' personal performance must also be calculated completely in accordance with various job performance standards set by internal management professionals and leaders. The financial department evaluates indicators such as the workload of completed tasks and comprehensively calculates corresponding and reasonable work performance rewards. It can be seen from Table 2 that the ratio of basic salary to performance bonus for M4-M9 is 4:1, and the ratio between M2 and M3 is 7:3.

Table 2: V Hotel Performance Payroll

Rank	Basic Salary Ratio	Performance-Pay Ratio
M2	70%	30%
M3	70%	30%
M4	80%	20%
M5	80%	20%
M6	80%	20%
M7	80%	20%
M8	80%	20%
M9	80%	20%

(3) **Welfare Benefits:** Welfare benefits include statutory holidays, housing, and telephone subsidies. For example, meal subsidy for employees is 200~350 yuan/month; statutory holidays are in accordance with government regulations; five social insurances and one housing fund are paid in accordance with government regulations, and the firm is responsible for part of it, and the remaining is paid by employees as housing and telephone subsidies (see Table 3).

Table 3: Housing and Telephone Subsidy Standards for Each Rank

Grade	Housing Subsidy	Telephone Subsidy
M2	1500	400
M3	1200	300
M4	1000	300
M5	800	260
M6	600	200

(4) **Performance Appraisal:** Quantitative management leads to control and ultimately to collaborative improvement. Performance appraisal management is conducted by department supervisors, focusing on employees' overall work performance, work results, and work content. In the comprehensive evaluation system for actual job performance, multiple evaluation factors such as employees' attitude towards work and study, work performance efficiency level, etc. must also be considered. According to the evaluation standards, employees' work should be comprehensively and quantitatively evaluated, and the evaluation results should be used as full attendance awards, year-end bonuses, and other rewards.

2.2 Research Instruments

The content of the questionnaires for this study is based on the Salary Management Definition and Classification Development Questionnaire (Lv, 2019), which is divided into four parts with a total of 16 items, including 5 items on employees' basic information, 1 item on employee salary, 8 items on performance system, and 2 items on welfare system. The survey collects data on employees' personal situations, opinions on the current salary management system, and other data.

2.3 Data Analysis and Processing

In this study, after the invalid questionnaires were deleted from the recovery questionnaires, the data of the valid questionnaires were statistically analyzed using SPSS.

Results

3.1 Reliability and Validity Test

The more consistent the validity measurement results, the higher the content validity. The results of this study demonstrate that the reliability coefficient of this questionnaire is 0.912, showing that the reliability is very high. As can be seen from Table 3, the KMO value is 0.743 and the p-value is 0.000, indicating that the questionnaire has good reliability and validity.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin (KMO) Test		.743
Chi-squared Test		400.380
Bartlett's Test of Sphericity	Df	15
	Sig.	.000

Table 5: Reliability Analysis of the Questionnaire

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
.912	.913

3.2 Subjects

A total of 53 respondents participated in this survey. Among the 53 participants, 36 were female (68%) and 17 were male (32%). On the total, 19 were between 20 - 29 years old (36%), 7 were under 20 years old (13%), 16 were between 30 - 39 years old (30%), and 11 were over 40 years (21%). At the educational level, 25 of the participants were undergraduate (47%), 19 were technical secondary school (36%), 6 were high school and below (11%), and 3 were graduate and above (6%). For the length of service, 23 were between 2 - 6 years (43%), 13 were above 6 years (25%), 11 were between 1 - 2 years (21%), and 6 were under 1 year (11%). The majority of respondents about 19 were general employees (19%), followed by 14 middle level employees (26%), 11 supervisors (21%), and 9 senior employees (17%). Table 6 provides overall demographic data of their population.

Table 6: Demographic Data of Samples

Variables	Items	Frequency	%
Gender	Male	17	32
	Female	36	68
Age	Under 20 Years	7	13
	20-29 Years	19	36
	30-39 Years	16	30
	Over 40 Years	11	21
Education Level	High School and Below	6	11
	Technical Secondary School	19	36
	Undergraduate	25	47
	Graduate and Above	3	6
Length of Service	Under 1 Year	6	11

	1-2 Years	11	21
	2-6 Years	23	43
	Above 6 Years	13	25
	General Employees	19	36
	Supervisors	11	21
Position	Middle Level Employees	14	26
	Senior Employees	9	17

3.3 Current Salary Management

Pay Parity: There are relatively many employees with salaries between 2500 - 4500 and 4500 - 6000, 18 and 19 respectively. Most employees feel that their salary is not equivalent to the difficulty of the work, the effort put in, and the work performance. Among them, 59% of the total sample felt that salary was not equal to job difficulty, 55% felt that salary was not equal to effort, and 55% felt that salary was not equal to job performance (see Table 7). Overall, employees are dissatisfied with the parity between work and pay.

Table 7: Current Status of Employee Wages and Remuneration

Items	Content				
Average Monthly Salary	Below 2500	2500-4500	4500-6000	Above 6000	
Number of Employees	7	18	19	9	
Project	Very unequal	Relatively unequal	Equal	Relatively equal	Very equal
Is the salary you receive commensurate with the difficulty of the job ?	4 (8%)	27 (51%)	11 (20%)	10 (19%)	1 (2%)
Is the salary you receive commensurate with your efforts ?	4 (8%)	25 (47%)	11 (20%)	12 (23%)	1 (2%)
Is the compensation you receive commensurate with your job performance ?	3 (6%)	26 (49%)	13 (24%)	10 (19%)	1 (2%)

Internal and External Comparison of Salary: From the comparison with the outside world, 64% of the participants feel that their salary is low compared with employees in the same position in other industries. Compared with employees in the same industry, hotels with the same star rating and the same position, 59% of them feel that they have lower salaries. From the internal employees' views on hierarchy, 46% believe that hotel hierarchy is low, 26% believe that it is about the same, and 28% believe that hotel hierarchy is high (see Table 8). In comparison, the external gap in salary is more obvious, while the internal level gap is more balanced.

Table 8: Internal & External Salary Comparison

Items	Very Low	Relatively Low	More or Less	Relatively High	Very High
Compare your salary to employees in the same position in other industries	5 (9%)	29 (55%)	8 (15%)	9 (17%)	2 (4%)
Compare your salary to those in the same industry, same star hotel and same position	4 (8%)	27 (51%)	11 (20%)	8 (15%)	3 (6%)
View on differences in salary levels	2 (4%)	22 (42%)	14 (26%)	14 (26%)	1 (2%)

Performance System: According to the data, 49% of employees believe that the hotel does not have standardized assessment basis and process, 19% of employees are unclear about the assessment basis and process (AB&P), and only 21% of employees believe that the assessment standards (AS) are determined after communication with employees. Most employees believe that the assessment standards are determined by leaders and supervisors through discussions, but 11% of employees still believe that the assessment standards are decided directly by leaders. This also shows that the hotels performance system has not been implemented in practice, and few employees participate in discussions. The assessment basis, process specifications and assessment standards are shown in the following Table 9.

Table 9: Performance System Assessment Process and Standards

Performance System	Answers	Participants	%
AB&P	Yes	17	32
	No	26	49
	Not sure	10	19
AS	Leadership decision	6	11
	Leaders and supervisors discuss and decide	29	55
	Decide after communicating with employees	11	21
	Not sure	7	13

Welfare System: The hotel's welfare projects focus on statutory benefits paid leave (PL), five insurances and one fund (FI&F), while corporate benefits mainly include year-end bonuses (Y-eB) and subsidies (Subs), with fewer Incomprehension (Icp) and other types (see Table 10). As can be seen in Table 11, 45% of employees believe that the welfare system is not decided through communication with employees, and 25% of the employees believe that the welfare system is formulated without communication with employees (see Table 11).

Table 10: Welfare Form Status

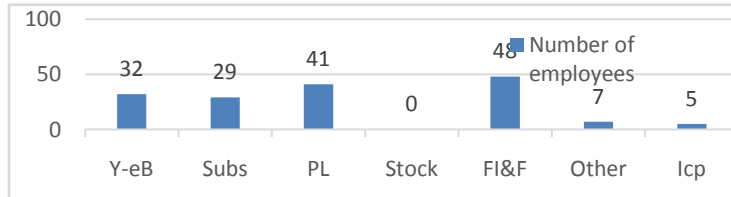


Table 11: Employees Communication Status

Communication with Employees	Participants	%
Yes	13	25
No	24	45
Not sure	16	30

Analysis of Salary Management System

4.1 Problems

Unreasonable Salary Structure: V Hotel salary mainly includes position base salary and personal performance bonus. The difference between 80% of grassroots employees and 20% of middle-level employees is relatively large, which in turn affects employees' motivation to work and increases employees' inertia. The proportion of performance bonuses is too small, which is not conducive to stimulating employees to perform better. According to the survey results, more than 64% of employees said that their salary was lower than that of other hotels of the same level, and 59% of employees said that their salary was lower than that of employees in the same position in other industries. Too low salary standards will make the

hotel industry's salary mechanism lack certain market competitiveness, making it impossible to select some outstanding skilled talents in the short term. If employees have been in a psychological state of being labored and compensating for insufficient human resources for a long time, they will be dissatisfied, which will ultimately affect the overall future operation of the hotel.

Salary Management System Lacks Competitiveness:The hotel industry is a labor-intensive service industry. Most of its main services and products are completed by employees. The working hours are long, and the physical labor intensity is high. Compared with other industries, hotels are prone to brain drain under the same wages and benefits. If the employees' turnover rate is too high, it will have many negative impacts on the overall development of the entire hotel. Hotels can start from other aspects to improve the competitiveness of the salary management system, and the welfare system is one of the most important parts to improve competitiveness. However, according to surveys and interviews, hotels have few welfare projects, and the needs of employees are not well considered when formulating benefits.

The Performance Appraisal System Is Not "People-Oriented": V Hotel failed to be "people-oriented" when designing its salary management system. Most of the company's personnel and compensation management decision-making systems are determined by leaders and supervisors through their own analysis and deliberations. Few employees can truly participate in company decisions themselves. Performance management can fully confirm employees' work performance, reflect their personal values, encourage outstanding employees, and spur lagging, thereby effectively motivating each employee's work behavior (Tang, 2018). The salary management policy system will directly affect the vital interests of many employees themselves, but it fails to listen to employees' opinions on salary management.

4.2 Cause Analysis

Fail to Conduct Preliminary Investigation: When building an incentive mechanism, it is necessary to comprehensively think about each department and position, and then build an incentive mechanism that can be applied by all employees (Deng,2017). V Hotel has referred to the domestic salary structure of the same industry before confirming the salary structure, and determined the basic salary by analyzing the position situation, employee personal situations, etc. The survey found that most employees believed that the hotel's salary structure was formulated through a cursory survey or leadership, and some employees were even completely unaware of how the salary structure was formulated, proving that no in-depth internal investigation and analysis was conducted.

Imperfect Welfare System:According to a survey on V Hotel's salary management, it was found that it does not attach much importance to employee's welfare. In addition to statutory benefits, employees are provided with subsidies, as well as employee benefits stipulated by law, such as paid leave, five insurances and one fund, etc. The welfare program is relatively simple and cannot meet the needs of employees.

Very Low Employee Participation Rate:The leadership of V Hotel did not communicate effectively with employees when designing the employees' performance management system. Most of the management decision-making system of personnel compensation is decided by leaders and supervisors themselves, and not many employees can participate in decision-making. However, although the management policy system of compensation directly affects the compensation interests of many employees, it fails to listen to employees' opinions on compensation management. Some employees only know that their wages have been reduced, but they do not know why their wages have been reduced. The assessment management of obtaining the current salary when asking the supervisor still needs to be strengthened. It shows that the current relevant salary management is not comprehensive, transparent, and unreasonable. There are too few effective communication methods between leaders and employees, and performance management cannot be reasonably used to stimulate the collective work and enthusiasm inherent in each employee.

Improvement Strategies for Salary Management

The design of the salary system is a dynamic process. First, we should understand the market environment, competitors, internal atmosphere, and other factors faced by the industry. Secondly, we should analyze the current situation and existing problems of the company, and conduct investigation and analysis from the salary structure, performance appraisal system, welfare system, etc. Finally, we should analyze the causes of the problems based on the investigation results, propose improvement measures and suggestions, and design corresponding improvement plans based on the above content.

5.1 Design a Reasonable Salary Structure

Hotels should take early salary surveys seriously, clearly target hotels with the same star rating internally and within the industry, and determine salary levels by comprehensively considering the hotel's profit and loss situation, the responsibilities of various internal departments, and the quality requirements of employees. Based on the investigation and analysis of job requirements and abilities, we establish a scientific, reasonable, and effective employees' performance compensation mechanism system, and design employees' compensation structure with a fair competition incentive mechanism. After employees have personal experience with the new salary system, effective communication is conducted to obtain opinions, and the salary system is modified and improved based on employees' suggestions (Pan, 2017; Jiang, 2020). Only in this way can we effectively attract all kinds of talents and retain high-quality talents.

5.2 Improve Welfare Plans

The hotel has a single type of welfare, which makes it difficult to adapt to the changes of the times and meet the needs of employees because employees have various needs in terms of living security system and working conditions. A complete employee welfare plan should include a variety of welfare projects to meet the different needs of employees. It should start from the employees' interests and stand from the employee's perspective, listen to employees' individual needs for welfare and effective suggestions for welfare plans. In addition, hotels can regularly conduct surveys on employee welfare needs because employees' needs and preferences will continue to change over time, the composition of the workforce, and the internal and external environment. Therefore, regular surveys on employee welfare needs should be carried out regularly.

5.3 Establish and Improve the Performance Appraisal System

Several requirements for establishing and improving a performance appraisal system: (1) In the process of performance evaluation of employees, the principles of "fairness, impartiality, and openness" should be strictly followed, and employees should be informed in advance how the performance appraisal will be conducted, the standards for the appraisal, and how to quantify, etc.(2)Performance appraisal of employees should be a long-term process. (3) One of the most critical elements in a scientific and reasonable performance appraisal system is the leadership's emphasis and long-term support for performance appraisal. Managers should insist on treating internal appraisal and evaluation as an important form of effective management appraisal activities.

CONCLUSION

By analyzing salary management based on the above research results, the study found that there are currently problems in hotels, including unreasonable salary structure, lack of competitiveness of the salary management system, and failure of the performance system to be "people-oriented". In response to the above problems, reasonable design is proposed. It is hoped that the salary structure, establishment and improvement of performance appraisal system and other countermeasures can provide reference opinions for salary management and the salary management of other hotels of the same type, help reduce the loss of personnel, attract high-level talents, create a harmonious and positive atmosphere, and enhance cohesion, and centripetal force to improve the overall quality of employees.

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