A STUDY OF COMPENSATION FACTORS AFFECTING EMPLOYEE PERFORMANCE OF THE SURIN PHUKET HOTEL

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Abstract - The study is aimed at studying compensation factors affecting employee performances of The Surin Phuket Hotel. The research is a qualitative study examining four components; financial compensation, non-financial compensation, indirect compensation, and work efficiency. The data was collected data by using a questionnaire being collected from 146 employees. T-test, F-test, and Pearson's correlation, and Linear Equation of Variables were used in analyzing data. The results showed that compensation factors; financial compensation, non-financial compensation, indirect compensation, and work efficiency, were overall at a high level with the means of 3.41 – 4.20. When considering each factor, the work efficiency factor was the highest mean at 4.15. The relationship between the salary component and the annual bonus was the highest level of a positive correlation. As a result, it is highlighted that a compensation management is significant which can maximize benefits and productivity of employees in a long- term.

Keywords - Compensation Factors and Work Efficiency

I. INTRODUCTION

The pandemic situation of Covid-19 affects the world especially people who work for companies and get paid by salary since many companies are in financial troubles. ln other words, some companies gain not enough incomes to pay for workers leading them to reduce unnecessary costs, reduce salaries of workers, and some various expenses. The National Economic and Social Development Council reported that in the first quarter of 2019, the workforce decreased 0.7% compared with the last year.

However, during that time, Covid-19 had not shown much impact which could be seen from the implementation of Thai government of the section 75 to temporarily suspend 570 businesses—approximately 1.2 hundred thousand workers needed to stop working but still get paid their salaries, meanwhile in the second quarter it seemed to increase. The unemployment rate stood at 3.9 hundred thousand, representing an unemployment rate of 1.03% which was increased at 0.92% in the same period of last year [1]. Moreover, the economic growth rate (GDP) of Thailand in the second quarter of 2019 was reduced to -12.2% from the market expected -13% to -17% due to the impact of the global recession from epidemic of the Covid-19 virus and trade barriers. As these trouble situation, Thailand's economics have been declined by 6.9% in the half year of 2019.

The southern part of Thailand is considered as the center of businesses such as tourism and service business, manufacturing, exporting trades, consumption sectors, real estates, and construction sectors, etc. The COVID-19 epidemic caused the business in the southern region in the second quarter of 2020 contracted comparing with the same period of the last year. It has a clear impact on all business sectors, especially, business in the tourism sector that relies mainly on foreign tourists. The commercial and real estate sectors face fragile household purchasing power, meanwhile the export businesses face a problem of goods demand decreasing from foreign trading partners due to the recession of the world economy. [2]

As the employment is contracted in the same period last year, most businesses try to maintain employment levels especially skilled workers. However, some businesses have adjusted their employment to suit with economic activities such as wage cuts, reduction of working hours, request for unpaid leave including giving permission to use the right to receive compensation from social security in case of temporary business closure. [3]
The business centers in the south are such as Songkhla, Phuket. Krabi. These provinces attract tourists resulting in an increase in the economic growth rate of Thailand especially Phuket. Phuket is a province where tourists both Thais and foreigners come to travel each year at least 14 million people. However, as the situation of the Covid-19 epidemic affecting the global economy, global economy became slowdown and recessed. However, as Phuket is a tourist city which had been through many critical situations like Tom Yum Kung Crisis (Asian Financial crisis) and a severe natural disaster of Tsunami that took only 4 months to recover the economy, this province is considered as a core to promote Thailand economy. Unfortunately, since the COVID-19 epidemic emerged, Phuket became a city that urgently needs help as a lockdown policy

prevented people to travel, as well as foreigners were not allow to travel abroad. This directly affected travelers who plan their trips in advance and incomes of the destined traveling cities [4]

Lockdowns in many countries caused business sectors suspended temporarily and some had to quit their businesses. Big businesses that can still survive need to make a plan to develop a new business strategy to recover quickly such as cost cuts, partly layoffs or to work without salary. However, it is undeniable that salary is still a priority factor for workers due to the cost of living is increasing nowadays. In addition, due to the aforementioned situation, many workers were laid off and unemployed causing the number of unemployed labors currently is higher than job vacancies.

II. RESEARCH OBJECTIVE

2.1 To study the elements of the compensation factors of The Surin Phuket Hotel
2.2 To study the relationship of compensation factors and the performance of employees of The Surin Phuket Hotel
2.3 To provide recommendations and guidelines for appropriate compensation management which affected the performance of the staff of The Surin Phuket Hotel

III. SCOPE OF STUDY

3.1 Area scope: The Surin Phuket Hotel (Surin Bay Company Limited) Address: 118 Moo 3, Choeng Thale Subdistrict, Thalang District, Phuket Province 83110)
3.2 Demographic scope: The population used in the study were 207 employees of The Surin Phuket Hotel. A sample of 146 people was selected by random sampling.
3.3 Content scope: The variables used in the study are:
a. Independent Variables were divided into monetary compensation (salary, annual bonus, overtime, other monetary compensation), non-monetary compensation (employee uniform, car allowance. send employees, food, insurance plans, holidays / leave) indirect compensation (Professional stability, promotion/promotion)
b. Dependent Variables are performance.
3.4 Scope of time: This study was conducted between November 2020 and February 2021.

IV. RESEARCH FRAMEWORK

This study is quantitative research. The conceptual framework of the study was defined as followed:

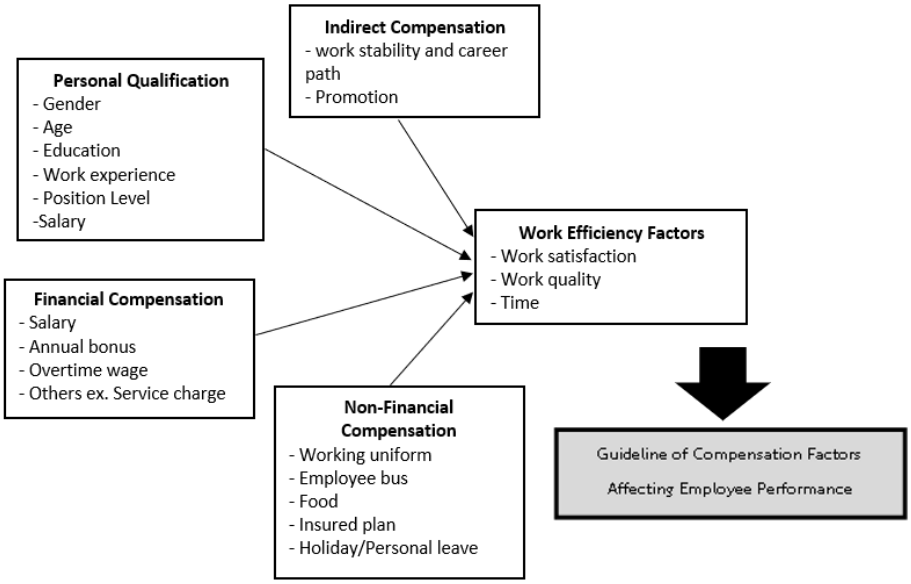


Figure 1 a research framework

V. RESEARCH METHODOLOGY

This study used a quantitative method, and the data was collected at the Surin Phuket Hotel, as presented below:

5.1 Population and sample: The population were 207 employees of Surin Phuket Hotel. The sample number were selected following Krejcie & Morgan's (1970) table with the probability and accidental sampling recruited for 146 staff.
5.2 Research instruments are questionnaires: The research tool used in collecting quantitative data was a questionnaire designed and based on the literatures, theories and related research. The data obtained were analyzed using descriptive statistics; the questionnaires were divided into 4 parts: general questions of respondent, 33

questions about the compensation factors by using the rating scale based on Likert Scales' values definition, staff performance opinion question as well as staff opinions and suggestions on compensation.

5.3 **Data Collection Methods:** In collecting quantitative data, the researcher using 2 types of data: primary and secondary data as presented below:

1. Secondary data was collecting based on literatures review, theories and related studies.
2. Primary data collected through questionnaire; the procedures were begun by the permission letter of collecting data were approved and made an appointment with the research assistant to clarify the research objective.

5.4 Methods of data analysis and statistics used in research:

1. The statistics used in testifying quality of the research tool were the content validity and reliability of the questionnaire by three experts assessed the tool to evaluate the correctness of the content accuracy of the IOC (Index of item Objective Congruence) technique and to prove a content validity by Cronbach's approach. According to Cronbach (1970), mentioned that the Alpha Coefficient, which is ranges from 0 – 1, is considered as a highly reliable and indicates that there is an internal consistency of reliability in the study. However, the alpha coefficient must be more than 0.7 to be considered acceptable.
2. T-Test was used to analyze the relationship between work efficiency factors and personal factors such as gender at the significance level of 0.05.
3. ONE-WAY ANOVA: F-Test was used to analyze the relationship between work efficiency factors and personal factors such as age, education level, job age, job position level. and salary rates at a significance level of 0.05
4. Analysis of Pearson's correlation was used to test all the hypotheses. The correlation indicated the relationship between the research variable with the statistical significance of 0.05. This study was used to analyze the relationship between compensation-monetary and nonmonetary, indirect compensation and work performance.

VI. FINDINGS

The study focused on the compensation factors affecting work performance of employees of Surin Phuket Hotel. 146 out of questionnaires administered were responded which were counted as a hundred percent of the sample of the study. The research findings were summarized as followed:

6.1 A comparison between genders and performance factors regarding their differentiate average, standard deviation, t-test, and F- test efficiency was shown in Table 1.

Hypothesis 1: Employees of The Surin Phuket Hotel are compensated that will affect their performance differently.

Work Efficiency	Junior high school (n=**11**)		High school (n=**65**)		Diploma (n=**30**)		Bachelor (n=40)		F	Sig.
	$\bar{x}$	S.D.	$\bar{x}$	S.D.	$\bar{x}$	S.D.	$\bar{x}$	S.D.		
Work satisfaction	3.61	.664	3.97	.638	4.28	.402	4.09	.459	4.533	.005*
Work quality	3.88	.719	4.08	.586	4.17	.358	4.07	.529	.767	.514
Work Time	3.82	.673	4.08	.543	4.23	.421	4.27	.535	2.746	.045*
Work expense	3.91	.701	4.08	.695	4.20	.476	4.14	.489	.712	.546

*** Significant at 0.05**

Table 1: Comparing the mean difference, standard deviation of the F-test between the educational level and the performance factor.

In Table 1, a hypothesis was tested by using F-Test comparing the difference between the educational level and work performance factors; as the finding revealed that work quality was at .767 (F) with .514 (Sig), work expense was at .712 (F) with .546 (Sig.) which were higher than the level of statistical significance at .05, thus the hypothesis had rejected. While work satisfaction was at 4.533 (F) with .005 (Sig) and work time was at 2.746 (F) with .045 which were less than the level of statistical significance at .05 and the hypothesis was accepted.

Work Efficiency	**1 – 3** year (n=**66**)		**4 – 6** year (n=**46**)		**7 – 9** year (n=**22**)		Over **10** year (n=**12**)		F	Sig.
	$\bar{x}$	S.D.	$\bar{x}$	S.D.	$\bar{x}$	S.D.	$\bar{x}$	S.D.		
Work satisfaction	4.06	.645	4.04	.586	4.03	.470	3.97	.172	.073	.974
Work quality	4.13	.598	4.11	.531	3.95	.517	3.94	.130	.845	.471
Work Time	4.11	.580	4.25	.523	4.03	.513	4.11	.358	.979	.405
Work expense	4.04	.663	4.27	.578	3.94	.467	4.19	.437	2.067	.107

*** Significant at 0.05**

Table 2: Comparing the mean difference, standard deviation of the F-test between the years' experience and the performance factor.

In Table 2, a hypothesis was tested by using F-Test comparing the difference between the years' experience and work performance factors; as the finding revealed that work satisfaction was at .073 (F) with .974 (Sig), work quality was at .845 (F) with .471 (Sig.), work time was at .979 (F) with .405 (Sig) and work expense was at 2.067 (F) with .107 which were higher than the level of statistical significance at .05. Therefore, the hypothesis had rejected.

Work Efficiency	Less than **10,000** baht (n=**12**)		**10,001 – 15,000** baht (n=**107**)		**15,001 – 20,000** baht (n=**21**)		Over **20,001** baht (n=**6**)		F	Sig.
	$\bar{x}$	S.D.	$\bar{x}$	S.D.	$\bar{x}$	S.D.	$\bar{x}$	S.D.		
Work satisfaction	3.64	.797	4.04	.528	4.10	.642	4.11	.344	2.223	.088
Work quality	3.56	.729	4.12	.506	4.22	.509	3.94	.251	4.907	.003*
Work Time	3.64	.688	4.17	.477	4.30	.632	4.00	.422	4.721	.004*
Work expense	3.31	.810	4.16	.535	4.27	.534	4.22	.344	9.366	.000*

*** Significant at 0.05**

Table 3: Comparing the mean difference, standard deviation, the F-test, between the salary rate and the work performance factor.

In Table 3, a hypothesis was tested by using F-Test comparing the difference between the salary and work performance factors; as the finding revealed that work quality was at 4.907 (F) with .003 (Sig.), work time was at 4.721 (F) with .004 and work expense was at 9.366 (F) with .000 (Sig) which were less than the level of statistical significance at .05. Thus, the hypothesis was accepted. While work satisfaction was at 2.223 (F) with .088 (Sig),which was higher than the level of statistical significance at .05 and the hypothesis had rejected.

6.2 Pearson correlation coefficient between compensation factors (Monetary compensation non-monetary compensation indirect compensation) and performance factors as presented below;

Hypothesis 2: Factors on the compensation of employees of The Surin Hotel Phuket is correlated with performance factors.

	A1	A2	A3	A4	B1	B2	B3	B4	B5	C1	C2	P1	P2	P3	P4
A1	1														
A2	**1.000***	1													
A3	.646*	.646*	1												
A4	.546*	.546*	.415*	1											
B1	.456*	.456*	.492*	.550*	1										
B2	.534*	.534*	.575*	.469*	.768*	1									
B3	.475*	.475*	.584*	.419*	.554*	.640*	1								
B4	.473*	.473*	.603*	.450*	.573*	.638*	.725*	1							
B5	.516*	.516*	.605*	.520*	.526*	.633*	.674*	.750*	1						
C1	.439*	.439*	.425*	.483*	.554*	.538*	.510*	.660*	.662*	1					
C2	.541*	.541*	.543*	.459*	.538*	.566*	.584*	.664*	.607*	.707*	1				
P1	.556*	.556*	.562*	.436**	.544*	.605*	.498*	.584**	.659*	.676*	.644*	1			
P2	.412*	.412*	.415*	.412*	.564*	.565*	.425*	.602*	.536*	.616*	.486*	.691*	1		
P3	.423*	.423*	.400*	.317*	.477*	.499*	.390*	.524*	.497*	.466*	.466*	.633*	.795*	1	
P4	.426*	.426*	**.285***	.350*	.425*	.406*	.317*	.441*	.431*	.579*	.497*	.628*	.690*	.705*	1
$\bar{x}$	4.0068	4.0068	3.8653	4.3950	4.2580	4.1598	3.8356	3.9817	4.0502	3.9840	3.8470	4.0411	4.0799	4.1416	4.1096
SD	.57465	.57465	.72084	.64088	.67440	.73991	.77928	.72162	.67845	.59927	.77423	.57254	.54147	.53796	.60154

* Significant at 0.05

Table 7: the Pearson correlation coefficient between compensation factors (moneraty compensation, non-financial compensation and indirect compensation) and work performance factors (total table).

Financial Compensation	Non-Financial Compensation	Indirect Compensation	Work Efficiency
A1 = Salary	B1 = Staff uniform	C1=stability and career advancement	P1= Work satisfaction
A2 = Annual bonus	B2 = Staff shuttle bus	C2 = Promotion	P2 = Work quality
A3= Overtime wage	B3 = Food		P3 = Work Time
A4=monetary compensation /Others	B4 = Personal insured		P4 = Work expense
	B5 = Holiday/ Personal leave		

VII. RESEARCH DISCUSSION

Regarding the study of the compensation factors affecting work performance of employees of Surin Phuket Hotel, the finding could be summarized into four issues as followed below:

7.1 Monetary Compensation Factors

As the factors monetary compensation of employees of Surin Phuket Hotel were studied, the factors consisted of salary, annual bonus as well as overtime wage and monetary compensation and others such as service charge.

The highest average mean of monetary compensation factors was monetary compensation. This was alike a finding of Prapaporn's study (2014) [5] which focused on a case study of compensation factors affecting the working performance of Siam Makro Public Company Limited employees in Bangkok Metropolitan area found that the overall monetary compensation factors were at a moderate level. It seems the researcher believed that monetary compensation was a significant impact and it could be determined by the minimum wage as well as the local economic system. [6]

7.2 Non-Monetary Compensation Factors

As the entitled outcomes of non-monetary compensation factors of employees of Surin Phuket Hotel, the finding could be summarized into five issues, which were staff uniform, staff shuttle bus, food, personal insurance as well as holiday and personal leave.

The finding found the overall of non-monetary compensation factors were at the high level.

The finding was also similar to entitled outcomes of Prapaporn's study (2014) [5] which focused on a case study of compensation factors affecting the working performance of Siam Makro Public Company Limited employees in Bangkok Metropolitan area found the same result. This went along with the Surin Phuket Hotel has a suitable non-monetary management and administration. Furthermore, there was correlated with the needs and satisfaction of the hotel's staff. [7]

7.3 Indirect compensation factor

The factors of indirect compensation of Surin Phuket Hotel staffs, the finding could be summarized into two issues, which were career stability and advancement and promotion.

The highest average mean was indirect compensation factors. This was alike a finding of Prapaporn's study (2014) [5] which focused on a case study of compensation factors affecting working performance of Siam Makro Public Company Limited employees in Bangkok Metropolitan area found that the overall of indirect compensation factor were at moderate level and it seems, the researcher thought that indirect compensation was a significant impact and it could be determined by the staff's working environment and the basic needs. [8]

7.4 Work Performance factor

Regarding the finding of work performance factors could be summarized into four issues: job satisfaction, work quality, working time and work expense. The study result found that the overall work performance factors were at a moderate level. This went along with the study of the same researcher, Prapaporn's study (2014) [5], which focused on a case study of compensation factors affecting the working performance of Siam Makro Public Company Limited employees in Bangkok Metropolitan area found that the overall work performance factors were at a moderate level. [9] [10]

VIII. RESEARCH SUGGESTION

8.1 Recommendations for the use of research findings

Based on a study on compensation factors affecting the performance of employees at The Surin Phuket Hotel, the suggestions for utilizing benefits in further practice were as followed:

1. The hotel should provide channels for employees to participate in compensation management such as holding meetings in which agendas related to compensation management (i.e., salary adjustment or improvement of the compensation management system).
2. The hotel should have a plan of compensation management suitably which covers the employees' needs as well.
3. Hotels should consider a blended compensation model of individual performance-based compensation and compensation based in overall team performance in order to maintain employees as well as to motivate employees to work.
4. The management of compensation in the new normal working era should be allocated or managed appropriately in accordance with the needs of employees such as hourly compensation which are based on performance or workload; allocate benefits that change as needed. Likely, JobsDB's Laws of Attraction survey on corporate strategy in the New Normal era, welfare revealed, "Welfare is a factor that can buy employees'. That is to say, in a new normal working environment, welfare allocated to employees considering their needs will be able to retain employees in a long term and promote their loyalty to the organization.

8.2 Suggestions for further research

1. Research associated with compensation management should be studied further in order to uncover more elements related especially the issues related to the satisfaction of the employees which will promote and build morale among them, and maintain employees' loyalty to organizations.
2. The other external factors that possibly affected underlying variables such as environment and economy should be more focused.
3. Other specific sample groups such as in the housekeeping department, mechanic department, and others should be extended to study so that to understand the relationships, similarities and differences between departments in the organization. The expected results could be used in compensation management development.

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