

# Remuneration satisfaction, organizational identity and employee engagement: Basis for compensation management framework

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## Abstract

The remuneration system is an important tool in labors' force management of all enterprises, and remuneration satisfaction with payment is a key point of research topic in the remuneration system. Especially after the destructive Covid-19, the whole economy fell in depression. Economy recovery needs better labors force management to draw back employment rate. This report focuses on hospitality industry, takes the labors in hospitality as the research sample, aims to figure out the relationship among remuneration satisfaction, organizational identity and employee engagement, provide guidance for enterprises to adjust the remuneration system and provide basis for enterprises to strengthen compensation management. This study aims to determine the relationship among employees remuneration satisfaction, organizational identity and employee engagement to come up with a framework that can be used as basis for enterprises in strengthening their compensation management. Specifically, it aimed to determine the remuneration satisfaction of employees in terms of pay level, pay structure and pay raises; describe the organizational identity as to purpose, value, and culture; analyze the employee engagement in terms of physical, cognitive and emotional domains; test the significant relationship among remuneration satisfaction, organizational identity and employee engagement; and come up with compensation management framework. This paper used the descriptive research method and the questionnaire as the source of data collection. Regression analysis and variance analysis were used for statistical analysis. The survey revealed that: remuneration satisfaction has a positive promoting effect on organization identity. All three dimensions: pay level, pay structure and pay rises which measuring remuneration satisfaction have positively promotes employee engagement. Secondly, organizational identity and its three dimensions of purpose, value and culture all have a positive promoting effect on employee engagement. Thirdly, organizational identity has a positive moderating effect on the relationship between remuneration satisfaction and employee engagement. Based on this, in response to the actual situation of China's hospitality, it is necessary to optimize the remuneration satisfaction from aspects such as optimizing the salary level, improving the welfare system, and optimizing the salary structure. We need to

strengthen the construction of organizational purpose, value, and culture, create a good environment, improve the consistency between personal goals and organizational goals, and enhance employee engagement. The main innovation of this article is that the relationship between remuneration satisfaction and employee engagement has evolved over time and keeps developing, especially in response to the younger employees. Organizational identity has both moderating and mediating effects in the relationship between remuneration compensation satisfaction and employee engagement, which is innovative compared to previous research findings.

**Keywords:** remuneration satisfaction, organizational identity, employee engagement

## **Remuneration satisfaction, organizational identity and employee engagement: Basis for compensation management framework**

### **1. Introduction**

COVID-19 had ended at the tail of 2022, but the damage of it still impacts the economy world widely. Unemployment is serious problem for every organization therefore labors management turns to be the most important topic again. During the horrible period, nearly half of the organizations cut forty (40) percent operating hours, the result is that half of the staff lost their jobs and a sixty (60) percent reduction in revenue and output volume (Lim, 2021). The covid-19 wave not only had a huge impact on the global economic and political development pattern, but it has also led to earth shaking changes in labors' resource management for many enterprises. Many domestic enterprises have begun to reform remuneration management. The hotel industry is a labor-intensive industry, and human resource management is the core part of enterprise management. In the post pandemic era, many companies are from the same starting point. To improve employee organizational identity and employee engagement by changing remuneration satisfaction will be the key to winning the new round of competition in the future.

Enterprises need to grow and strengthen in the fierce market competition, and employees are the core competitiveness. The compensation system has always been an important tool in employee management in enterprises, and employee satisfaction with compensation is a key focus of compensation system research, which has received widespread attention from scholars and enterprise managers. In enterprise management, it is common for employees to complain about salary issues. Some may be dissatisfied with the level of salary, some may be dissatisfied with the unreasonable and unfair distribution of salary, and some may be dissatisfied with the insufficient space for salary growth, And other complaints caused by dissatisfaction due to the gap between salary and employees' personal expectations. Due to low remuneration satisfaction, employees may experience negative or even negligent work, which affects work efficiency and quality.

Although some researchers have conducted relevant research on the relationship among remuneration satisfaction, organizational identity, and employee engagement, with the continuous improvement of China's domestic economic level and the enrichment of people's material culture, how much attention corporate employees pay to salary levels, if it still affect work efficiency and quality due to salary levels or unfairness, if it will be influenced by the intangible culture reflected by salary levels, has changed due to changes in the overall environment. (Liu, 2021) Such points should be thought about for remuneration management improvement. In the post pandemic era, the economy has been severely affected, and the demand for remuneration compensation has increased. However, the view that a low level of employee remuneration compensation is equivalent to a low level of organizational identification, and that the organization has a low level of identification with individual work then the work they are engaged in less, is worth further research.

In addition, currently, employees in enterprises are all new generation employees born in the 1990s, who live in an era of relatively rich material resources. Their pursuit of remuneration may not only be about themselves, but also more about the non-material aspects reflected in compensation, such as organizational management methods, organizational environment, and organizational attention. They are more concerned about the organization's recognition of them and the space for development in the enterprise organization. At the same time, remuneration satisfaction also has a certain guiding effect on enterprises and the overall social environment, which is related to the development goals and directions of the social economy. Therefore, strengthening research on remuneration satisfaction also has a certain impact on the development of the social economy. Based on this, it is necessary to conduct in-depth research on whether the organization's identification with employees and related work will affect their work efficiency and quality, considering the development of the times and the actual situation of the enterprise.

Remuneration refers to the payment of human resources, and remuneration satisfaction can be popularly explained as its impact on the psychological state of employees when compared to their expected returns on their own contributions. Remuneration satisfaction is actually a psychological evaluation of the final result of one's labor efforts. For the employee group, compensation not only solves basic living needs, but also reflects the realization of personal value and work value. Therefore, remuneration satisfaction can affect work enthusiasm, thereby affecting the level of work engagement and ultimately affecting administrative office efficiency. Improving employee compensation satisfaction is beneficial for enhancing the work enthusiasm of employees within the organization, encouraging them to be more willing to contribute to the organization subjectively, thereby improving the overall administrative efficiency and service level of the organization. (Zhang, 2023) The concept of organizational identity first developed from abroad and gradually spread to China. It was not until the 21st century that it received the attention of domestic scholars. Scholars believe that organizational identity has an important impact on both individual career development and organizational development. Given the unique position of organizational identity, scholars have increasingly delved into the discussion of this topic, which has attracted much attention in the management field. Organizational identity refers to the sense of identification that employees have with organizational culture, systems, and management when they are closely connected to the organization. When employees have a strong sense of identification with the organization, they prioritize considering the overall situation from the perspective of the organization, followed by personal interests. (Chen, 2022).

According to the theory of social exchange, employee engagement is defined as dedication to work. However, in fact, the degree of employee engagement also depends on their role in a specific environment. (Xi, et. al., 2018) Therefore, engagement refers to dedication to work and the organization. Employee engagement can be divided into three dimensions: willingness to promote the company, willingness to stay in the company, and willingness to work hard for the company. (Ye, et. al., 2020) Simply put, in daily communication, employees often give a positive evaluation of the company, have less complaints about the company, have not considered leaving the company in the short term, and are willing to work very hard for the sake of work. The connotation of employee engagement is gradually enriched through continuous development and evolution. In the past, the evaluation of employee engagement was usually reflected through the actual behavior of employees in the work, that is, through task performance to reflect employee engagement. Later, employee cognition and emotions about work were gradually incorporated into the measurement of employee engagement.

Indicated by the present research, the remuneration has some relation with organizational identity, and organizational identity seems impact the employee engagement somehow. This paper is trying to figure out how and how deep the relationship are. With this purpose, this paper used data statistics analysis, gathers data from mostly hostility industry by questionnaires. The result shows that organizational identity plays a intermediary, connects the remuneration satisfaction and employee engagement, and all of them show positive correlation. Based on this analysis, this paper proposes the suggestion about the strategy that promote remuneration satisfaction thereby strengthen employee engagement, make a better circumstance to improve enterprises management.

**Objectives of the Study** - This study aims to determine the relationship among employees remuneration satisfaction, organizational identity and employee engagement to come up with a framework that can be used as basis for enterprises in strengthening their compensation management. Specifically, it aimed to determine the remuneration satisfaction of employees in terms of pay level, pay structure and pay raises; describe the organizational identity as to purpose, value, and culture; analyze the employee engagement in terms of physical, cognitive and emotional domains; test the significant relationship among remuneration satisfaction, organizational identity and employee engagement; and come up with compensation management framework

## 2. Method

**Research Design** - This study used descriptive research and accessed the worldwide literature databases to

review relevant literature on employee remuneration satisfaction, organizational identity, and employee engagement. It sorts out the basic connotations and research on remuneration satisfaction, organizational identity, and employee engagement, as well as existing research on the relationship among remuneration satisfaction, organizational identity, and employee engagement. This lays a theoretical foundation and perspective guidance for this study. Sending questionnaires to employees in the hotel industry through personal network, student group helps collecting required data efficiently. The data were used to sort out the relationship among employee remuneration satisfaction, organizational identity, and employee engagement. The researcher proposed hypotheses and established a model, conduct statistical analysis on the data collected from the questionnaire survey, verify the hypothesis, and determine the impact relationship among the three dimensions, providing a research basis for labor resource management.

**Participants of the Study** - This study takes 570 hospitality industry practitioners as the research sample, and participants come from practitioners of different ages, genders, educational backgrounds, positions, and seniority. The hospitality industry is a labor-intensive industry, with production factors mainly relying on labor composition. The organizational structure of hotels is relatively multi-level, and the remuneration structure is more diversified. At the same time, the mobility of personnel in the hotel industry is also relatively high, which poses greater challenges to the formation of organizational identity and the improvement of employee engagement. Therefore, in the hospitality industry, research on the relationship among remuneration satisfaction, organizational identity, and employee engagement is also more capable for research. Based on the characteristics of the labors in hospitality industry and the demand of the research's indicators, this study designed a questionnaire which include basic personal information, remuneration satisfaction.

**Instrument of the Study** - This study used self-structured questionnaire. It consists of four parts: introduction, basic information of respondents, remuneration satisfaction scale, organizational identity scale, and employee engagement scale. Part 1, is profile of the respondents. This section mainly summarizes the basic information of the interviewees, which can be used to understand their characteristics and analyze the impact of demographic characteristics on salary satisfaction and organizational identity. When selecting basic information statistical indicators, the author made a careful selection and conducted research on the hospitality industry characteristics and actual situation of hotel enterprises. Five demographic indicators were determined, including gender, age, education level, job position, and service length. Part 3 is about organizational identity scale. In order to ensure the accuracy and rationality of measurement, while taking into account the differences in domestic and foreign environmental factors, it adopted three dimensions: purpose identity, value identity, and cultural identity. The four point scale were used for this part of the scale, with values from 1 to 4 indicating "Not satisfied", "General or uncertain", "Basic satisfied" and "Very satisfied". Part 4. Employee engagement scale.

The study on employee engagement originated from Gallup Consulting Co., Ltd. in the United States. Through nearly 40 years of dedicated research on the inter-relationships between the success factors of healthy enterprises, they established a model of the "Gallup Path" to describe the path between employee personal performance and the company's final operating performance, as well as the company's overall value-added. Employees with high engagement not only identify with the company's values, have a clear understanding of the company's business goals and future, but also have emotional attachment to the company. At the same time, they know how to contribute and are willing to work hard. So the researcher set up three index to test employee engagement here, these are physical engagement, cognitive engagement and emotional engagement. The researcher used 4 points scale to test each variable. In Cronbach's alpha test, coefficient has a value between 0 and 1. Coefficient  $\geq 0.90$  = Excellent;  $\geq 0.80$  = Good;  $\geq 0.70$  = Acceptable;  $\geq 0.60$  = Questionable;  $\geq 0.50$  = Poor;  $< 0.50$  = Unacceptable. The questionnaire researcher designed is basically valid. The Cronbach's alpha of pay level, pay rises, purpose identity, value identity, culture identity physical engagement, cognitive engagement are excellent, the Cronbach's alpha of scale pay structure is acceptable and the Cronbach's alpha of emotional engagement is good.

**Data Gathering Procedure** - Through the preliminary questionnaire design, a complete measurement

questionnaire has been formed. However, due to the partial revision of the salary satisfaction scale in the questionnaire and the use of research results from a domestic scholar in the organizational identity scale, the authority needs to be tested. Therefore, it is necessary to conduct a preliminary test on the questionnaire. The initial test mainly tests the validity and reliability of the developed questionnaire, corrects items that do not meet the requirements, ensures the accuracy of the questionnaire, and prepares for later formal research. Before the formal distribution of the questionnaire, the researcher first anonymously collected twenty sample questionnaires and used Cronbach's alpha analysis to test the effectiveness of the questionnaire. By Cronbach's alpha analysis, usually the greater the reliability coefficient, the greater the reliability of measurement shows. During the questionnaire distribution process, the researchers fully utilized the advantages of digital networks and collected 570 questionnaires through online distribution from September 1, 2023 to Nov. 25, 2023. Data collection is powered by <https://www.wjx.cn/weixinlogin.aspx>.

WJX is a professional online questionnaire survey, examination, evaluation, and voting platform that focuses on providing users with a series of powerful and user-friendly services such as online questionnaire design, data collection, custom reports, and survey result analysis. Compared with traditional survey methods and other survey websites or systems, QuestionStar has obvious advantages of speed and ease of use. Typical applications of WJX include: enterprise: customer satisfaction survey, market survey, employee satisfaction survey, internal training, demand registration, talent evaluation, training management, employee exams, etc. The data from WJX can protect the privacy of participants, expand the scope of questionnaire placement as much as possible, and also exempt participants from the time limit of providing data so that the data researcher gathered from WJX confirms to the investigated requirement.

**Ethical Considerations** - When conducting market research, it is necessary to clearly respect the rights and interests of the surveyed parties. This means ensuring the fairness and legality of the sampling method when obtaining information. Researchers should try their best to avoid infringing on the privacy of the respondents and provide sufficient information for them to make informed consent. At the same time, personal privacy protection is also crucial. Researchers should minimize the collection and use of personal privacy of the surveyed individuals to avoid disclosing sensitive personal information. Meanwhile, during the data processing process, attention should be paid to protecting the security of the data and ensuring that the research results are not abused or leaked. When conducting market research, researchers should adhere to the principles of honesty and impartiality, and avoid using false information or deceptive behavior. Fraudulent research behavior not only damages the reputation of the enterprise, but also damages the rights and interests of the investigated objects. Therefore, ethical considerations require researchers to always maintain a true and fair attitude when conducting research. This questionnaires collected information on WJX that exactly meets the requirements of ethical consideration, which protects the privacy and answering resources of participants in the survey. At the same time, publicly disclosing data obtained through online surveys often avoids artificial fraud and eliminates the interference of false information.

**Data Analysis** - In this research, for investigating the relationship and interaction among remuneration satisfaction, organizational identity and employee engagement, the researcher used various statistical measures. First, Cronbach's alpha analysis is used to test the reliability of the questionnaire. Generally, when the Cronbach's alpha is greater than 0.7, it indicates a high reliability of the scale. When it is less than 0.7, it indicates a low reliability of the scale. However, if it is stricter, a Cronbach's alpha coefficient greater than 0.8 is required to indicate a high reliability of the scale. In this study, Cronbach's alpha coefficients of all variables are higher than 0.8, except for salary structure's Cronbach's alpha, which is between 0.7 and 0.8. The result indicates that the credibility of the scale used in this study is very high. Second, weighted mean and rank were used to determine the remuneration satisfaction in terms of pay level, pay structure and pay raises; to describe the organizational identity as to purpose, value, and culture; and to analyze the employee engagement in terms of physical, cognitive and emotional domains. Spearman rho is used as part of the non-parametric tests to determine the significant relationship when p-values of all variables were less than 0.05 which means that the data set was not normally distributed. All analyses were performed using SPSS version 28.

### 3. Results and discussion

**Table 1**

*Summary Table on Remuneration Satisfaction*

Key Result Areas	Composite Mean	VI	Rank
Pay Level	2.724	Agree	3
Pay Structure	2.773	Agree	1
Pay Raises	2.741	Agree	2
Grand Composite Mean	2.75	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

The grand composite mean of pay level, pay structure and pay raises is 2.75. This result is observed that pay level, pay structure and pay raises have similar level with their score 2.724, 2.773 and 2.741. This indicates that the remuneration satisfaction having assessed by the hospitality industry employee in China mainland in terms of pay level, pay structure and pay raises is moderately evident. This is mostly because the staff working in hotels and similar organizations are from organizations with good remuneration systems. Remuneration, as the compensation paid by enterprises to employees for providing labor, is fundamental to their survival. The satisfaction of employees with remuneration is directly reflected in their labor output and job performance. (Zou, 2013) Enterprises can evaluate the company's salary status by conducting salary satisfaction surveys on employees, indirectly assessing their level of identify with the organization.

In modern management work, it is very important for managers to enhance employees' sense of organizational identity and work participation. When employees identify with the organization's goals and values, they will consciously put in more effort for the organization. Organizational identity can promote cooperation and communication among employees and enhance organizational cohesion. It can help employees clarify their roles and responsibilities, thereby improving work efficiency and quality. The dimensionality of organizational identity has varied in previous literature.

In terms of the design and selection of this scale, the author decided to use a more mature organizational identity scale. In order to ensure the accuracy and rationality of measurement, while considering the differences in domestic and foreign environmental factors, the author conducted a survey of the research achievements of domestic and foreign scholars in organizational identity in recent years and compared the more mature scales designed by some scholars. This study draws on the perspective of Alexander DiLeonardo in Build Your Organizational Identity: The three elements of a parent and complete identity purple, value, and culture can help organizations drive long terms. (DiLeonardo, 2021). The researcher conducted surveys on organizational identity in terms of purpose identification, value identification, and cultural identification.

**Table 2**

*Summary Table on Organizational Identity*

Key Result Areas	Composite Mean	VI	Rank
Purpose	2.594	Agree	3
Value	2.831	Agree	2
Culture	2.832	Agree	1
Grand Composite Mean	2.75	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

A high level of organizational cultural identity indicates that employees wholeheartedly recognize themselves as part of the organization, and that the inner values and motivations of the organization are aligned, which has a strong positive impact on achieving effective communication throughout the organization. (Gong, et. al., 2020) The improvement of organizational cultural identity also means the improvement of consistency between employees and the organization, namely, consistency in goals, emotions, values, behaviors, etc. Organizational cultural identity not only stimulates employees' intrinsic motivation and enthusiasm, making members more respectful and trusting of leaders, more willing to support and respond to them, but also helps to

encourage members to consider issues from the perspective of the organization, deeply understand the connotation and intention of organizational work, and thus more willing to work together to achieve organizational goals, integrating individual goals and organizational goals. Only in this way can leaders and subordinates become a collective of coordinated and concerted actions to achieve common goals. Only on the basis of consistency between personal and organizational goals can leaders and subordinates reduce or even eliminate the situation of acting independently to maintain their own interests, and better communicate and dialogue can be carried out on the basis of unified goals. Moreover, only by fully sharing information with a unified mindset can management efficiency be improved, and sustainable development be achieved. The researcher's analysis about employee engagement at the organizational level, employee engagement level can affect their work performance and organizational performance. At the individual level, the level of engagement can lead to negative behaviors such as emotional exhaustion and employee turnover. Outside of work, dedicated employees also perform better in terms of work life balance. In view of this, organizational development relies on the engagement of employees, and improving employee engagement levels is beneficial for the sustainable development of the organization. References the existing study, researcher decided to use Kahn's measuring method, set up 3 dimensions about employee engagement which are physical engagement, cognitive engagement and emotional engagement. (Kahn,1990).

**Table 3***Summary Table on Employee Engagement*

Key Result Areas	Composite Mean	VI	Rank
Physical	2.811	Agree	1
Cognitive	2.78	Agree	3
Emotional Domains	2.807	Agree	2
Grand Composite Mean	2.80	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

In Table 3, it reveals the summary of agreement on employee engagement. The dimensions of physical engagement, cognitive engagement and emotional engagement show their composite means as 2.811, 2.78 and 2.807. The grand composite mean of the 3 dimensions is 2.80. The moderate evident of agreement on employee engagement can be observed. The concept of Employee Engagement, which is widely recognized in academia, was first proposed by Kahn (1990) as the degree to which employees are emotionally, cognitively, and physically invested in their work roles. Although this study borrowed Kahn's engagement dimension setting, there are still many other engagement settings in previous literature. As the earliest analysis dimensions of employee engagement, physical engagement, cognitive engagement and emotional engagement are the most widely used though. There is data indicating that among the many factors that drive employee dedication, career development opportunities are the most important factor for employees. (Ma, 2019) Development opportunities can strongly build up employees' emotional engagement. How can an employee talk about their level of dedication if they cannot see the "future" in the company? A clear career development plan helps to solve the confusion of employees about where to go and is the blueprint for their career development, which can make their work more targeted and targeted. Employees can realize their own value in the enterprise and receive promotion opportunities, which promotes a sense of organizational belonging and enhances employee dedication.

Improving the vocational education and training system can build up employee cognitive engagement. As an important part of modern human resource management, vocational education and training can not only provide necessary skill training for employees, but also cultivate their sense of organizational identity. (Nie, 2018) At present, most hospitality companies equip each new employee with corresponding skill teachers based on the actual situation, providing assistance when employees encounter difficulties in their work, so that every employee clearly knows their role and work responsibilities in the organization. When an employee receives regular or irregular education and training from the company, they can be competent in the work within the organization and better achieve organizational goals. The improvement of cognitive dedication has also greatly enhanced the overall dedication of employees.



**Table 4***Relationship Between Remuneration Satisfaction and Organizational Identity*

Variables	rho	p-value	Interpretation
<b>Pay Level</b>			
Purpose	0.401**	0.000	Significant
Value	0.543**	0.000	Highly Significant
Culture	0.573**	0.000	Highly Significant
<b>Pay Structure</b>			
Purpose	0.463**	0.000	Significant
Value	0.569**	0.000	Highly Significant
Culture	0.604**	0.000	Highly Significant
<b>Pay Raises</b>			
Purpose	0.693**	0.000	Highly Significant
Value	0.542**	0.000	Highly Significant
Culture	0.589**	0.000	Highly Significant

\*\* : Correlation is significant at the 0.01 level/\* : Correlation is significant at the 0.05 level

As seen in table 4, the computed rho-values ranging from 0.401 to 0.573 indicate a high direct relationship between pay level and the sub variables of organizational identity. There was a statistically significant relationship between pay level and the sub variables of organizational identity because the obtained p-values were less than 0.01. The computed rho-values ranging from 0.463 to 0.604 indicate a high direct relationship between pay structure and the sub variables of organizational identity. There was a statistically significant relationship between pay structure and the sub variables of organizational identity because the obtained p-values were less than 0.01. The computed rho-values ranging from 0.542 to 0.693 indicate a high direct relationship between pay raises and the sub variables of organizational identity. There was a statistically significant relationship between pay raises and the sub variables of organizational identity because the obtained p-values were less than 0.01.

There is study suggests that remuneration satisfaction is a antecedent variable of organizational identification. Remuneration satisfaction to some extent reflects employee job satisfaction, and at the individual level, the improvement of employee job satisfaction contributes to the generation of organizational identity. At present, there is relatively little empirical research on the impact of remuneration satisfaction on organizational identity in China, so this study will explore its impact mechanism. In addition, theory has its own limitations and scope of application, and in order for management theory to be ultimately applied to management practice, it must consider a certain context in which it is applicable. This article incorporates the sense of support from superiors into the mechanism of the impact of remuneration satisfaction on organizational identity, and believes that employees' perception of superior support helps to generate their organizational identity. (Huang, 2019). Salary level is an important reason for organizational recognition. Salary is the driving force for employees to create greater value. Therefore, enterprises need to formulate reasonable salary levels based on fully considering their own development status and market competition. As an important supplement to compensation, the welfare system also has a significant impact on employees. Due to the personalized and diverse needs of employees in the new era, the development of flexible welfare systems can meet their various needs, thereby achieving the goal of improving employee organizational identity. Organizations not only pursue compensation and benefits to satisfy employees in terms of quantity, but also need to consider system design. A reasonable salary structure not only provides competitive compensation for employees, but also enables them to make every effort to cherish hard won employment opportunities. A well-structured and managed compensation system can retain excellent employees, assist under-performing employees, enhance the overall competitiveness of the enterprise, and increase the economic benefits of the enterprise.

In the regression analysis of salary satisfaction and organizational identity conducted by Zou (2023), similar conclusions were drawn. Remuneration management, payment level, and work environment all have a positive moderating effect on appreciation and gratitude towards superiors. Remuneration management and payment structure having a greater moderating effect. Remuneration management, payment raises, ability development,

and work environment have a positive moderating effect on the sense of belonging to the organization. Remuneration management, salary level, and ability development have a greater moderating effect. Remuneration satisfaction has a positive moderating effect on taking pride in the organization, with the work environment having a greater moderating effect.

**Table 5***Relationship Between Remuneration Satisfaction and Employee Engagement*

Variables	Rho	p-value	Interpretation
<b>Pay Level</b>			
Physical	0.539**	0.000	Highly Significant
Cognitive	0.503**	0.000	Highly Significant
Emotional Domains	0.550**	0.000	Highly Significant
<b>Pay Structure</b>			
Physical	0.567**	0.000	Highly Significant
Cognitive	0.542**	0.000	Highly Significant
Emotional Domains	0.572**	0.000	Highly Significant
<b>Pay Raises</b>			
Physical	0.586**	0.000	Highly Significant
Cognitive	0.569**	0.000	Highly Significant
Emotional Domains	0.579**	0.000	Highly Significant

\*\* . Correlation is significant at the 0.01 level/\* . Correlation is significant at the 0.05 level

As seen table 5, the computed rho-values ranging from 0.503 to 0.550 indicate a high direct relationship between pay level and the sub variables of employee engagement. There was a statistically significant relationship between pay level and the sub variables of employee engagement because the obtained p-values were less than 0.01. The computed rho-values ranging from 0.542 to 0.572 indicate a high relationship between pay structure and the sub variables of employee engagement. There was a statistically significant relationship between pay structure and the sub variables of employee engagement because the obtained p-values were less than 0.01. Computed rho-values ranging from 0.569 to 0.586 indicate a high relationship between pay raises and the sub variables of employee engagement. There was a statistically significant relationship between pay raises and the sub variables of employee engagement because the obtained p-values were less than 0.01.

Remuneration is one of the main resources that employees receive from the organization, and it is also the human resource management module that employees value the most and almost affects everyone. Organizations can not only achieve resource exchange with employees by promoting remuneration satisfaction, but also send different signals to employees through different salary distribution methods, guiding their cognition, attitude, and behavior. Ma (2019) believes that improving salary satisfaction through fair compensation can greatly enhance employee engagement. When employees perceive a high level of procedural and social fairness in the remuneration distribution process, it strengthens their awareness of organizational fairness, thereby promoting the transition from individual identity to group identity, and ultimately improving their level of dedication. The impact of fair salary distribution on employee engagement is first achieved through a resource exchange mechanism, followed by a social identity mechanism, which emphasizes reciprocity and equality in the exchange process. The so-called reciprocity refers to the social exchange process that requires mutual investment from both parties, rather than just investing in the other party without considering costs or seeking returns. The so-called equivalence refers to the fact that the investment difference between the two parties in the exchange process cannot be too large, and they are in an equal relationship. Only in this way can both parties form a good social exchange relationship, rather than a simple economic exchange. High employee engagement requires employees to invest their resources in various aspects such as time and energy. The prerequisite for employees to make such a high investment in the organization is to receive equal resource investment from the organization, and salary, as the most basic resource provided by the organization to employees, will inevitably be valued by employees.

The rationality of the salary distribution system promotes salary satisfaction and employee recognition, which are important factors affecting employee dedication. (Guo, 2021) When employees invest heavily in work

tasks, such as physical, emotional, cognitive, or time, they exhibit high levels of dedication. Remuneration remains the material resource that employees care about and value the most, and from the perspective of social exchange theory, when organizations give employees the same benefits in return, employees will strive to pay in their work. From the perspective of fairness theory, individuals will evaluate the size of salary distribution differences by comparing their own efforts with the rewards they receive, as well as by comparing the rewards they receive with others. When the salary gap within a company is small, employees are more likely to feel the high investment of their organization in individual employees, as well as the valuable resources provided by the company to support their work from all aspects. A high sense of fairness indicates that employees have been fully recognized within the organization. The signals perceived by employees will encourage them to make more efforts for the organization, enhance their organizational loyalty and work enthusiasm. This signal will be transformed into the motivation and willingness of employees to work actively, and promote employees to improve their dedication. When the salary gap is too large, employees with lower salary levels are prone to negative emotions, decreased work enthusiasm, and reduced work engagement to protest their dedication to work, which has not received material or spiritual support and recognition from the organization, and may even lead to a tendency to resign. In addition, a large salary gap within a company can easily lead to negative interpersonal emotions, which is not conducive to strengthening mutual cooperation and cohesion within the organization, suppressing team work enthusiasm, and resulting in poorer work quality for individual employees.

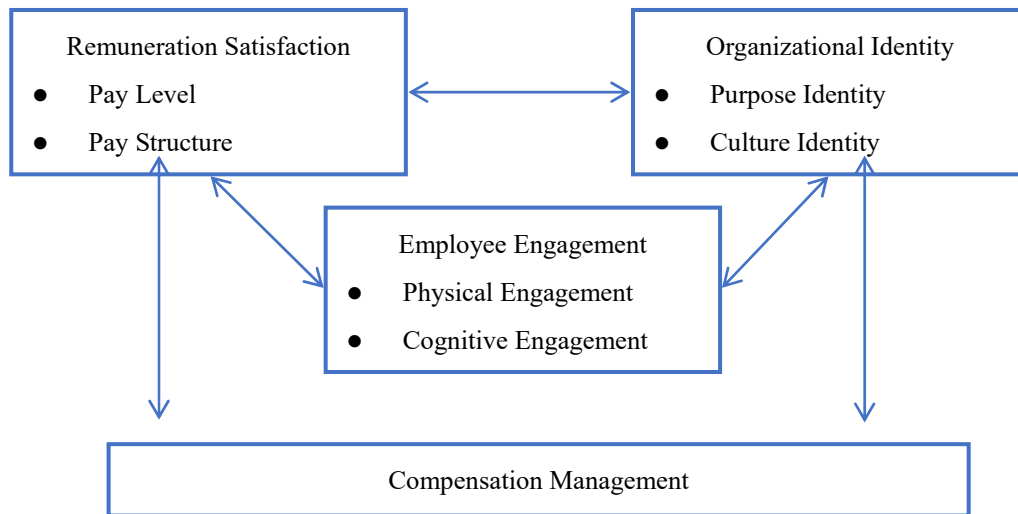
**Table 6***Relationship Between Organizational Identity and Employee Engagement*

Variables	Rho	p-value	Interpretation
<b>Purpose</b>			
Physical	0.473**	0.000	Significant
Cognitive	0.487**	0.000	Significant
Emotional Domains	0.488**	0.000	Significant
<b>Value</b>			
Physical	0.604**	0.000	Highly Significant
Cognitive	0.586**	0.000	Highly Significant
Emotional Domains	0.584**	0.000	Highly Significant
<b>Culture</b>			
Physical	0.614**	0.000	Highly Significant
Cognitive	0.615**	0.000	Highly Significant
Emotional Domains	0.613**	0.000	Highly Significant

\*\* Correlation is significant at the 0.01 level/\* Correlation is significant at the 0.05 level

As seen table 6, the computed rho-values ranging from 0.473 to 0.488 indicate a high direct relationship between purpose and the sub variables of employee engagement. There was a statistically significant relationship between purpose and the sub variables of employee engagement because the obtained p-values were less than 0.01. The computed rho-values ranging from 0.584 to 0.604 indicate a high direct relationship between value the sub variables of employee engagement. There was a statistically significant relationship between value and the sub variables of employee engagement because the obtained p-values were less than 0.01. Computed rho-values ranging from 0.613 to 0.615 indicate a high direct relationship between culture and the sub variables of employee engagement. There was a statistically significant relationship between culture and the sub variables of employee engagement because the obtained p-values were less than 0.01.

## Research Output



### *Proposed Compensation Management Framework*

Organizational identity plays a mediating role between organizational fairness and dedication. When employees cannot receive a minimum level of respect from their leaders, the lack of interpersonal fairness first affects their identification with the organization, which in turn affects their behavior. (Guo, 2020) Organizational fairness has a positive impact on engagement. Fair distribution and procedural fairness have a positive impact on engagement, with procedural fairness having a greater impact. The impact of interpersonal fairness on engagement is mediated by organizational identity. Organizational identity is built on the mutual relationship between the organization and its employees, emphasizing the harmonious coexistence of the organization and its employees. A good organizational identity can enhance the work enthusiasm and cohesion of employees, promote their better integration into the organization, and do their best for the development of the organization. Dedication is not only related to an individual's work attitude, but also one of the core competencies of an organization. Research has found that employees with high levels of dedication are more likely to unleash their potential and create higher performance for the company.

Employees with low levels of dedication have a negative impact on the development of the company, and the company may suffer losses as a result. There is a close correlation between dedication and organizational identity. An increase in dedication helps to enhance employee identification with the organization, and actively engaged employees are often more likely to resonate with the organization, establish loyalty and a sense of responsibility. On the contrary, if employees have a reduced sense of identification with the organization and even exhibit negative emotions, their dedication will also be affected. Inclusive leadership thinking, as an emerging leadership style in recent years, has strengthened two-way communication between leaders and internal employees, listened to the needs and new ideas of employees, strengthened organizational identification with employees, stimulated their enthusiasm, concentration and dedication, and enabled them to actively engage in their own and the development of the company. (Hu Qianqian, 2022) As organizational identity increases, employees are more willing to actively integrate into the enterprise and organization. They share certain similarities in values, professional concepts, and other aspects with other internal personnel, and their goals are consistent.

As a result, employees' participation in the organization's goals and tasks increases, their vitality further strengthens, and they may also be actively engaged and focused; When employees see themselves as a component of the organization, they value the reputation of the organization more and believe that the organization's excellence is also their own performance. The better the organization's development, the prouder employees are of their profession and work, full of enthusiasm, and willing to contribute their wisdom and

strength to the organization, promoting its development to be more positive and positive. The higher the sense of organizational identity, the more employees can integrate themselves into the organization and see themselves as a part of the organization. When setting goals, they integrate their own goals into the design of the organization's goals, viewing them as a direction for progress, so that they can actively participate in the work of the enterprise and make contributions to the organization.

#### 4. Conclusion and recommendations

The employees in the hotel industry are satisfied with the remuneration they receive from their employers. The employees have a positive perception of the organization's identity. The employee respondents are highly engaged in their work. Remuneration satisfaction has a high significant positive impact on employee engagement and organization's identity which means organizations can improve employee engagement by ensuring that employees are paid fairly, and that the salary structure is perceived to be equitable. The Compensation Management Framework was formulated that can be used in the hotel industry to improve employee satisfaction, their work engagement and build a positive organization's identity.

The hospitality industry companies may optimize salary levels, improve salary structure, implement equity incentives, and bolster organizational culture to enhance employee satisfaction and engagement. The hospitality companies may use the proposed compensation management framework to improve employee satisfaction, their work engagement and build a positive organization's identity. The future researchers may conduct research in different countries and cultures to develop more universal theories about the factors that influence employee satisfaction and engagement.

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