

The pay structure for task performance in the hospitality industry: The role of pay satisfaction

C. D. Yen* and T. C. Huang

Abstract—Basic wages in the hospitality industry are often lower than other industries, which also cause lower equity ratios of input and output comparing to other industries. If all pay structure factors are positive related to pay satisfaction and task performance need to be questioned. This paper demonstrated the effects of pay structure in the hospitality industry and built a comprehensive model of pay structure, pay satisfaction, and task performance. 311 usable questionnaires from hotel employees were collected. The results show the direct and indirect relation among pay structure, task performance, and pay satisfaction. There are also moderation effects from the comprehension model.

Index Terms—Pay structure, Pay satisfaction, Task performance, Hospitality industry.

I. INTRODUCTION

Under the RBV perspective, successful firms can achieve a sustainable competitive advantage by acquiring and maintaining valuable idiosyncratic resources, such as human resources (Barney, 1991). With the competitive global market, performance management has become a popular practical and academic issue. More and more researches study the important factors related to performance. Especially the reward distributions in organizations may cause the important performance-related behavioral consequences. Among which, one of the most important rewards is monetary rewards (Harder, 1992).

In the hospitality industry, there is a general labor shortage in many companies (Cairncross & Kelly, 2008). One of the main reasons is the general lower wage than other industries (Sturman, 2001). In these divisions, pay is the most difficult factor to manage efficiently in organizations in the hospitality industry which have limited labor budgets. Therefore, developing an effective pay structure for higher employee service quality is an important issue for human resource management in the hospitality industry.

The effects of wages to organizational performance had been noticed. Researchers have found that pay dissatisfaction is the main reason for reconsidering current employment (Wyatt, 1996). A proper payment structure would also positively contribute to firm performance (Lawler, 1984). Especially, the

compensation management is a payment plan that transforming strategies into actions (Wilson, 1999). Compensation management includes compensation plan, incentive pay, and performance management process to connect employers and employees. The effective wage can meet employees' expectations, make them work more efficiently, attract talented employees, and maintain good staffs. Therefore, a clear understanding the different factors of pay system and perceptible of pay is very important for human resource management in the hospitality industry.

Because of exchanging between employers and employees, pay structure is an important factor to retain talented employees and reduce the turnover rate. Balkin & Gomez-Meiji (1990) argued that pay systems elicit and reinforce behaviors that support firm strategy, which positively or negatively affects performance. Locke et al. (1980) indicated four approaches of motivating performance, and money is the highest factor. Followed factors are goal setting, participative decision making, and redesigning jobs to give workers more challenge and responsibility; however, which pay structure factors have direct relations to employee performance remains unclear.

Ryan & Deci (2000) argued that monetary compensation indirectly satisfies personal needs. When employees compare the pay structure to their rewards, employees evaluate the ratio of their efforts and the value of rewards. Strauss & Sayles (1980) proposed an expectancy theory model stating that the expression of needs (psychological and physical needs) further relate to motivation factors (promotion, rotate, oral incentive, benefits and self-achievement). Motivation factors directly affect the inputs of work efforts. The research explained the direct and indirect effects of motivation to job involvement.

Zhu, Chi & Lee (1996) indicated pay structure results a higher pay satisfaction, job involvement, and organization commitment; however, the hygienic pay factor depends on the equity evaluation. It is necessary to determine if all the factors of pay structure have positive and direct effects. There are few available researches on the different constructs effects of pay structure and satisfaction in the hospitality discipline. The purpose of this paper is to demonstrate the importance of pay structure in the hospitality industry and form a comprehensive model of pay structure, pay satisfaction and task performance. This research first demonstrated the direct effects of pay structure, pay satisfaction, and task performance, then clarified the relationship of the three variables in a pay model, and finally concluded the practical implications for human resource managers in the hospitality industry.

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II. LITERATURE REVIEW

A. Direct effects of Pay structure and Pay satisfaction

The hospitality industry has two types of customers. The external customers make purchases including dining, lodging, transportation, and shopping. The internal customers provide service and transfer the products to the external customers. Both types directly relate to the profits of the organization. Service providers' satisfaction directly affects customer opinion establishment from many parts, and one of the biggest issues is the pay allocation (Harder, 1992). Previous studies reported that compensation relates to service performance; however, most studies focus on the executive level managers and firm level performance (Chu, Hu and Chu, 2006). According to the equity theory, employees evaluate exchange relationships based on comparing their perceived ratios of inputs and outputs to the perceived ratios of others' inputs and outputs (Adams, 1965). When employees perceive an inequity, they may respond negatively to restore equity in their exchange relationships. Pay structure is the mechanism that distributes the pay allocations. Emphasis on pay structure results in higher pay satisfaction in the employee (Zhu, et al., 1996).

Employees earn wages according to their work efforts. The labor contract determines the amount, employee obligations, and employer feedback. Wages are the compensation for labor and accommodate for employee monetary needs. The starting wage in the hospitality industry is less than any other industries (Sturman, 2001), and it means a lower ratio of equity comparing to similar jobs. Some researches even argued that some of the employees' wages in this industry are insufficient to support basic needs (Kusluvan & Kusluvan, 2000). The ratio of compensation feedbacks and work efforts are also much lower than expected (Ambrose & Kulik, 1999). Therefore, employees may attach more importance to their basic need of rewards.

Kanter (1987) emphasized the positive effects of incorporating pay in performance policy when designing a pay structure. He argued that payment should be based on the visible contribution instead of the position factors. Lawler (1988) thought that pay for performance raises the equity ratio, and can motivate employees. Robbins (1978) also thought profit contribution should determine pay and balance equity perspective of employees. Weiss (2001) argues that firms with vary wages policy can outbid the salary-only firms because they can offer more money; however, the performance of front line employees is hard to measure accurately, and their service can't directly create profits. Therefore, performance expectation and effort are weakly connected. According to Zhu, et al. (1996), the four factors of pay structures are hygiene factor, skill factor, performance factor, and position factor. These factors positively relate to business operation; however, some of the hospitality company may not satisfy employee psychological needs (Kusluvan & Kusluvan, 2000). Satisfaction in recognition, promotion, and achievement motivates employee performance (Baker & Crompton, 2000). Base pay must meet individual economic needs, or it can't motivate employees' performance. Not meeting the hygiene performance factor may negatively relate to work motivation. Weibel, Rost, & Osterloh (2010) agreed with the negative perception of pay for performance

policy. Other researchers studied intrinsic and extrinsic motivation to detect the crowding effects. Sometimes extrinsic motivation damaged intrinsic motivation (Amabile et al., 1994; Ryan & Deci, 2000). In the hospitality industry, the low pay causes protection of fixed pay (hygiene, skill, and position factors) and avoids variable pay (performance factor); therefore, emphasis performance may cause a negative attitude in the front line employees.

H1-1: The hygienic factor of pay structure positively related to employees' pay satisfaction.

H1-2: The skill factor of pay structure positively related to employees' pay satisfaction.

H1-3: The performance factor of pay structure negatively related to employees' pay satisfaction.

H1-4: The position factor of pay structure positively related to employees' pay satisfaction.

To achieve organizational goals, managers cannot influence employee behavior and performance unless the pay system is fair and reasonable. Therefore, pay significantly affects the management system (Opsahl & Dunnette, 1966). For the employees, money is a tool to achieve safety, housing and food. After meeting these needs, employees can use the leftover money for leisure. A proverb says, "Money cannot buy happiness, but it can appease the tensions." Many employees see their salary as a recognizable symbol of achievement.

Adams (1963) first proposed the equity theory and Wallace & Fay (1983) divided the principle of equity into three parts: external equity, internal equity, and individual equity, which all discuss the varying perceptions of the ratio of equity. Employees would adjust their behaviors to fit the reasonable ratio. Porter (1961) also discovered the disparity of job satisfaction according to the unmet compensation expectations of an employee. Locke (1969) pointed that the gap between compensation and expectations determines job satisfaction. Porter's (1961) and Locke's (1969) points of view are similar, but Porter (1961) clearly emphasizes the impact "fairness" has on job satisfaction. Pay dissatisfaction is the main reason for reconsidering current employment (Wyatt, 1996).

Lawler (1981) indicated that the pay satisfaction of employees expect rewards for their own valance which can fulfill their actual feeling of the rewards system. The same implication of Heneman & Schwab (1985) said that remuneration for labor services affect employee performance. Salary dissatisfaction decreases production volume. Therefore, this research proposes that pay satisfaction benefits task performance.

H2: Pay satisfaction positive related to task performance.

Many front-line employees in the hospitality industry work for accumulate working experience instead of purchasing higher goals. Since the lower specialization and easily substituted, they are difficult to be raised their pay. Therefore, they rely on hygiene pay to maintain a stable income and reject other aspects of the payment system.

Many researchers have shown the incentive effects of performance monetary reward (Locke et al., 1980; Balkin & Gomez-Meiji, 1990; Milkovich & Newman, 2008). An effective compensation in organizational management should be operational and strategic. Compensation navigates personal

efforts to achieve goals. It helps organizations become more efficient (Gomez-Mejia & Walbourne, 1988). Therefore, organizations with a complete pay structure can inspire work efforts to raise work performance. Pay is the rewards based on job content, work performance, and personal criteria (Robbins, 1978).

Brown, Sturman & Simmering (2003) studied equity theory on pay level practices and pay structures interactions with resource efficiency, patient care outcomes, and financial performance in the hospitals. They followed the formula of pay dispersion which was proposed by Bloom (1999). They divided pay structure into hierarchical, average, and egalitarian to demonstrate the importance of considering different elements of a compensation plan. Rouziès et al. (2009) said that prospected pay structure is the ratio of fixed pay and variable pay in an organization. According to their research, variable pay is not a panacea. Balkin & Gomez-Meiji (1990) argued that pay systems reinforce firm strategy supporting behaviors and have substantial positive or negative effects on performance.

Sternberg & Lubart (1995) explained that people who have extrinsic motivation rationally determine what rewards they can earn instead of the importance of the process. They determine the value and importance of their input and make a rational choice. Pay for performance is a form of organizational control that motivates employees by controlling their behaviors, outputs, or both (Oliver & Anderson, 1995); however, pay for performance may also discourage employees from engaging in behaviors not linked to monetary rewards. Employees who receive the control mechanism display the in-role behavior, but it deactivates the extra-role behavior for the bounded rationality. This supports Sternberg & Lubart's (1995) opinion of motivation conflict. Deci, Koestner & Ryan (1999) used the crowding theory to explain the relationship between intrinsic and extrinsic motivation. They argued that monetary rewards crowd intrinsic motivation. If intrinsic motivation and extrinsic motivation do not connect and the proportion of intrinsic is higher than extrinsic, emphasizing pay for performance could crowd out employees intrinsic motivate. This imbalance would negatively relate to behavior and organizational performance.

According to the agency theory, risk-averse individuals try to avoid situations where income uncertainty is possible. In the context of work motivation, risk-averse agents face fewer incentive schemes (Grund & Sliwka, 2009). Another argument indicates risk of using incentive schemes (Prendergast, 1999; 2002). Prendergast (2002) found little empirical evidence to determine the association between uncertainty and responsibility allocation. He argued that when responsibility is delegated, firms use incentive pay schemes to constrain worker discretion, positively effecting the uncertainty of incentives.

Modifying the property management mechanism would increase motivation and firm performance. Employees work both for money and for enjoyment. (Perry et al., 2006). Too much emphasis on the performance pay system might decrease enthusiasms and job interests. According to the perspective, the hypotheses 3 are as below:

H3-1: The hygienic factor of pay structure positively affects the employees' task performance.

H3-2: The skill factor of pay structure positively affects the employees' task performance.

H3-3: The performance factor of pay structure negatively affects the employees' task performance.

H3-4: The position factor of pay structure positively affects the employees' task performance.

B. Indirect effects of Pay structure and Pay satisfaction

The interdependence of role behaviors is key components of organization systems. The human resources control the employee behavior to achieve the organizational goals (Katz & Khan, 1978). When they compare similar jobs within the organization, they perceive internal equity. Comparing to the similar jobs in other organizations is external equity. Some scholars have determined the individual equity when employees compare the ratio of input and output to the same job in their organization (Wallace & Fay, 1988). When employees view the pay structure to their rewards, they rationally evaluate the ratio of their efforts and the value of rewards. The expectancy theory (Vroom, 1964) posits that individuals are motivated to perform based on two expectancies: instrumentality and valence. According to the perspective of expectancy theory, job task and responsibility should be clearly defined and pay for performance must be able to be seen as reward. People behave to earn the greatest reward. Employees should understand the relation of pay for performance and assess their abilities to evaluate the valence.

Strauss & Sayles (1980) proposed an expectancy theory model that shows the work input feedback to satisfy needs (psychological and physical) and influence motivation factors (promotion, rotate, oral incentive, benefits and self-achievement). Motivation factors not only relate to work inputs by equity perception, but also directly affect work effort. Pay satisfaction is the main expression of equity perspective. Therefore, this research proposes that pay structure application directly effects task performance and indirectly effects pay satisfaction.

H4: Pay satisfaction mediates the relationship between pay structure and task performance.

Delery & Doty (1996) argued that human resources determine the strategy to achieve goals. Different competitive strategies require different human resource activities. Different competitive contexts produce different performance reactions. From contingency perspectives, organizations experience different situations. Uen & Chien (2004) thought pay structures affected individual equity perception, and task cognition would directly affect work emotions and further relate to task performance. According to the equity theory (Adams, 1963), the pay valence perception comes from social comparisons.

In the hospitality industry, management styles and pay structure greatly differ among organizations (Cairncross & Kelly, 2008). During the transparent information era, employees could easily access payment information. Consequently, pay structure easily relate to the relationship between pay satisfaction and task performance. The final hypothesis proposes that pay structure can affect the relationship between pay satisfaction and task performance.

H5: Pay structure moderates the relationship between pay satisfaction and task performance.

III. METHODOLOGY

This research surveyed the employees of international tourism hotels in Taiwan. First, investigators sent a letter to the

human resource managers of the international tourism hotels. Second, by the phone confirmation, researchers sent a compensation structure questionnaire to the managers who agree to help the survey. Managers were invited to fill out the pay structure of their organization, and then invite 5 to 10 employees to answer the questions about pay satisfaction and task performance. Finally, managers collected the anonymous questionnaires and sent them back to research office with a prepared envelop. More than 550 questionnaires were distributed to the front-line staffs. After eliminating the invalid responds, 311 questionnaires from 34 hotels were included in the analysis.

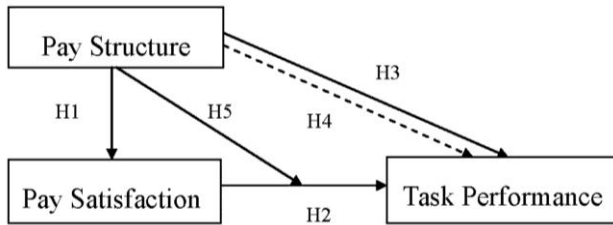


Fig. 1 Research Framework

Measurement

Pay Structure adopted the fourteen questions of Zhu et al (1996) research which focused on the degree of pay implication. A five-point Likert-scale ranked from strongly disagree to strongly agree. The reliability of Cronbach's Alpha is 0.905.

Pay satisfaction revised Heneman & Schwab (1985) Pay Satisfaction Questionnaire (PSQ) which included 18 items with five-point Likert-scale from strongly dissatisfied to strongly satisfied. The reliability of Cronbach's Alpha is 0.958.

Task Performance were answered by hotel employees. A five-point scale developed by Williams & Anderson (1991) was adopted. The reliability of Cronbach's Alpha is 0.799.

Brown et al. (2003) indicated that organizations with higher pay levels should experience increases in both individual and organizational efficiency because they attract, retain, and motivate the best performers. Different organizations have different pay structures and pay levels, particularly relating to the size of the hotel. Therefore, this research controlled the hotel size (the numbers of employees) and employee salary (annual pay) by log transferring.

IV. FINDINGS

Demography Profile

The respondents were primarily females (71.7%) versus male (28.3%). Over half (65.9%) were married. While 23.8% of the respondents had graduated from high school, and 71.4% of the respondents had an undergraduate degree. 4.8% of the respondents had graduate degrees. 46.6% of employees work in the food and beverage department (including *room service, restaurant, kitchen, and banquet*), 23.5% in room division (including *front office, housekeeping, call center and service center*), and 29.9% in administration department (including *human resource, financial, purchasing, and marketing*). 35.4% of employees are front line staffs, 27.7% administration aids, 17.7% first line leaders or supervisors, and 19.0% managers, associate managers or higher positions. The average age is 33 years old, range from 20 to 65. Work experience is from 1 year to 35 years; with an average of 9.85 years. The tenure in their company is 1 to 34 years with an average of 6.11 years. Annual

pay from lowest was US\$6,111 to over US\$45,000, and the average is US\$12,549.

This paper identified and measured some concrete variables to represent pay structure, pay satisfaction, and task performance to test the hypothesis presented previously. The first step disaggregated pay structure variable from manager to the match every individual respondents to test the relationship between organizational pay structure, pay satisfaction and task performance. Table 1 shows means, standard deviations, correlations, and reliability level of the study variables. Scale reliability level all exceeded the cutoff of 0.7 suggested by Nunnally (1978).

TABLE 1
VARIABLES DESCRIPTION, RELIABILITY, AND CORRELATION

Variables	1	2	3	4	5	6	7	8	9	10
1. Size										
2. Salary	.299**									
3. Task performance	.189**	.323**	(.921)							
4. Hygiene factor	.244**	.303**	.727**	(.728)						
5. Skill factor	.225**	.242**	.759**	.848**	(.729)					
6. Performance factor	.127*	.142*	.680**	.738**	.776**	(.765)				
7. Position factor	.148**	.157**	.435**	.380**	.430**	.356**	(.757)			
8. Level	.425**	.321**	.355**	.406**	.372**	.330**	.343**	(.894)		
9. Raise	.080	.153**	.211**	.276**	.203**	.235**	.282**	.627**	(.860)	
10. Benefits	.124*	.077	.182**	.263**	.206**	.258**	.252**	.760**	.800**	(.898)
11. Structure/ Administration	.164**	.116*	.213**	.278**	.214**	.253**	.271**	.641**	.667**	.761**
Mean	2.34	5.57	3.92	3.24	3.43	3.61	3.94	2.98	3.01	3.08
SD	.27	.15	.76	.71	.72	.72	.68	.92	.75	.84

* Internal consistency reliability coefficients for the individual-level analyses appear on the diagonal in parentheses.
 ** Correlation is significant at the 0.01 level (2-tailed).
 * Correlation is significant at the 0.05 level (2-tailed).

Table 2 shows four dependent variables of pay satisfaction that predict the effects of pay structure. Model 1 shows positive effects of the hygiene factor and negative effects on the performance factor; however, the other three models only show how the hygiene factor determines benefit satisfaction, raise satisfaction, structure and administration satisfaction. The skill factor, performance factor, and position factor slightly effect pay satisfaction. The results support hypothesis 1-1 and hypothesis 1-3, but don't support hypothesis 1-2 or hypothesis 1-4.

To determine the main factors of pay structure in business operation, this research assumed that pay satisfaction mediates the relationship between pay structure and task performance. Table 3 shows the specific factors relation of pay structure and task performance after controlling the annual pay and firm size. The total explanation by pay structure is 10.3% (R^2 change=.103). The hygienic factor (HYG) (β =.314) and the skill factor (SKI) (β =.181) positively affect to task performance; however, the performance factor (PER) has a negative effect to task performance, and the position factor of pay structure is insignificant to task performance.

TABLE 2
REGRESSION OF PAY STRUCTURE TO PAY SATISFACTION

Dependent variable	Pay Satisfaction							
	Model 1		Model 2		Model 3		Model 4	
	B(β)	t	B(β)	t	B(β)	t	B(β)	t
(Constant)	-5.015	-2.580**	-4.049	-2.309*	-1.160	-.716	.725	.475
Size	-.085(-.025)	-.402	.166(.053)	.871	.088(.031)	.500	-.049(-.019)	-.297
Pay	1.242(.201)	3.487**	.948(.168)	2.951**	.517(.102)	1.743*	.200(.043)	.718
Pay structure								
HYG	.507(.390)	3.983**	.385(.324)	3.348**	.441(.413)	4.161**	.285(.291)	2.849**
SKI	.123(.096)	1.091	.129(.110)	1.266	.054(.051)	.572	.037(.039)	.417
PER	-.337(-.266)	-2.232*	-.183(-.158)	-1.344	-.205(-.197)	-1.634	-.055(-.038)	-.464
POS	.110(.081)	.995	.110(.089)	1.102	.054(.048)	.583	.084(.082)	.967
R ²	.188		.209		.165		.115	
F	11.710**		13.354**		10.041**		6.577**	
ΔR ²	.074		.091		.081		.087	

a. size transfers to log value which mean=2.343, SD=.266
 b. pay is the annual income which transfers to log value which mean=5.568, SD=.149.
 c. ** is significant at the 0.01 level; * is significant at the 0.05 level; † is significant at the 0.1 level

In Model 6, the four factors of pay satisfaction were set in the equation to interpret task performance. The results show the positive effects of pay level satisfaction ($\beta = .238, p < 0.01$) and raise satisfaction ($\beta = .271, p < 0.05$) on task performance which supported hypothesis 2; however, the benefit satisfaction and structure/administration satisfaction are not significant.

After controlling the factors of pay satisfaction in Model 6, the relation of pay structure to task performance were weaker. According to Baron & Kenny (1986), when we control the third variables, the relationship between independent and dependent variables becomes insignificant. The change of the relationship calls full mediation. Partial mediation occurs when the effects are weaker but still significant. In model 6, the hygienic factor (HYG) and performance factor (PER) are fully mediated by pay satisfaction. The β value of the hygienic factor (HYG) decreased from .314 to .147, and the p value also decreased from $p < 0.01$ to $p = n/s$. The beta value of the performance factor (PER) increased from -.219 to -.119, and p value decreased from $p < 0.1$ to $p = n/s$; However, the relation of skill factor (SKI) to task performance decreased from $\beta = .181 (p < 0.05)$ to $\beta = .155 (p < 0.1)$ which was partially mediated by pay satisfaction. This results support hypothesis 4.

effects of pay satisfaction on task performance is influenced by pay structure.

Figure 2 and Figure 3 illustrate the impact of pay structure on the relationship between pay satisfaction and task performance.

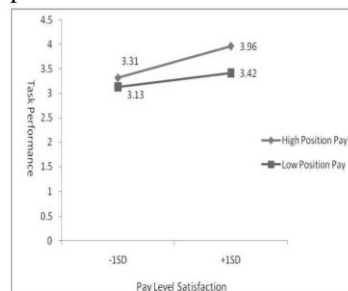


Fig.2. The interaction figure of POS (position pay) moderates the relationship between LEV (pay level) and task performance.

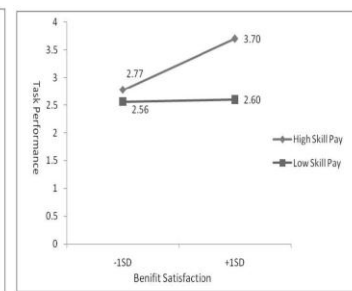


Fig.3. The interaction figure of SKI (skill pay) moderates the relationship between BEN (benefit) and task performance.

V. CONCLUSION

This study provides both negative and positive evidence regarding the effects of pay structure on pay satisfaction and task performance. On the negative side, performance pay structure appears to discourage pay satisfaction, and task performance. Employees are less likely to perform well with strong emphasis on performance pay. This result is consistent with Herzberg's two-factor theory. Higher performance pay may crowd the fixed pay of employee compensation to control the compensation cost. Although employees can earn raises in the performance pay system, the risk damaging their hygiene pay. Furthermore, the separation of contribution makes the performance pay harms their reference of pay and product the crowd effects to satisfaction and performance.

Scholars emphasize that money can harm the intrinsic motivation (Perry et al., 2006). The performance pay system might decrease job enthusiasm. Performance pay only negatively effects hygiene satisfaction, indicating the importance of hygiene pay.

On the positive side, the hygiene factor is the only pay structure factor that positively relate to pay satisfaction; however, the position and skill pay structure are insignificant to pay satisfaction factors. Because the licenses of the hospitality industry do not product direct profits, employees have a difficult time producing a competitive advantage, reducing any bargaining advantage. Emphasizing skill or position pay does not reflect higher satisfaction and may cause employees to lose their goals altogether. Expectancy theory explains the valance, expectancy, and motivation. Expressing satisfaction is difficult if employees do not perceive the valance of the position pay.

According to the role behavior theory, interdependence is a key component of organization systems. Human resource management controls employee behavior to achieve organizational goals (Katz & Khan, 1978). This paper proposes mediating employee pay satisfaction via pay structure and task performance. The results show perfect mediation of the hygiene factor and performance factor, and partial mediation of the skill factor. After controlling the pay satisfaction, the skill factor decreases, and the hygiene factor and performance factor become insignificant. The human resource management affects organizational outcomes via role behaviors.

TABLE 3
MODERATION OF PAY STRUCTURE

	Task Performance								
	Model 5			Model 6			Model 7		
	B	β	t	B	β	t	B	β	t
(Constant)	1.572		.947	2.526		1.572	2.540		.601
Size	-.005	-.002	-.025	.002	.001	.014	.108	.038	.591
Pay	.169	.033	.556	-.128	-.023	-.437	-.260	-.031	-.877
Pay Structure									
HYG	.339	.314	3.118**	.158	.147	1.510	.213	.197	1.840†
SKI	.191	.181	1.984*	.164	.155	1.821†	.149	.141	1.608
PER	-.230	-.219	-1.783†	-.125	-.119	-1.025	-.220	-.210	-1.751
POS	.125	.112	1.329	.100	.089	1.137	.135	.120	1.484
Pay Satisfaction									
LEV				.198	.238	2.899**	.156	.188	1.308
BEN				-.090	-.100	-.982	.023	.026	.119
RAI				.273	.271	2.466*	.573	.568	.371
S/A				-.017	-.016	-.185	-.197	-.178	-.200
Interaction									
LEVxHYG							.005	.009	.050
LEVxSKI							-.119	-.160	-.936
LEVxPER							.124	.173	.906
LEVxPOS							.180	.251	1.733†
BENxHYG							-.081	-.158	-.479
BENxSKI							.445	.623	2.887**
BENxPER							.095	.134	.469
BENxPOS							-.133	-.179	-1.077
RAIxHYG							.168	.329	.960
RAIxSKI							-.119	-.167	-.721
RAIxPER							-.089	-.433	-.315
RAIxPOS							-.011	-.060	-.056
S/AxHYG							-.004	-.008	-.038
S/AxSKI							.215	1.007	1.290
S/AxPER							.020	.100	.100
S/AxPOS							-.185	-.966	-1.239
R ²	.139			.261			.278		
F	8.169**			10.589**			10.470**		
ΔR^2	.103			.122			.139		
ΔF	9.095**			12.383**			11.534**		

a. size transfers to log value which mean=2.343, SD=.266
 b. pay is the annual income which transfers to log value which mean=5.568, SD=.149
 c. ** is significant at the 0.01 level; * is significant at the 0.05 level; † is significant at the 0.1 level

The moderated effects of pay structure was tested with a moderated regression analysis. The interaction term specification enable us to assess the effect of pay satisfaction on task performance varied with pay structure. With the pay satisfaction and task performance effects, the interaction of pay satisfaction and pay structure were added to analyze. Table 3 shows consistency with our hypotheses. Results statistically show significant interactions between pay level satisfaction and position pay. There is also significant interaction between benefit satisfaction and skill pay. There results imply that the

Another interpretation of the comprehension model is the contingency perspective. Different competitive contexts produce different performance reactions (Delery & Doty, 1996). The results show two significant effects of pay structure moderating pay satisfaction and task performance. The first is the moderated relationship between pay level satisfaction and task performance. When employees have a high paying position, they display higher task performance than employees in lower paying positions. Effective position pay encourages employees to perform well when they are satisfied with their pay level. Second is the moderated relationship between benefit satisfaction and task performance. Moderating the effect of skill pay encourages high benefit satisfaction, resulting in better employee performance. When employees have a high paying job, their performance is high. For lower paying jobs, the regression linear slope is almost zero, which means benefit satisfaction has little effect on task performance.

Only the above-mentioned two factors have moderating effects, which supports our hypotheses. The contingency perspective of human resource macro strategy affects the relationship between employee perception and performance. The agency theory focuses on satisfying the interests of shareholder. The pay for performance system was the most beneficial to principal interests (Eisenhardt, 1989). Although many researchers emphasize the effects of pay structure, it is not adequate for every business, particularly in the hospitality industry, which has a difficult compensation system. According to the contingency perspective, there is no universally acceptable management system. Our research demonstrates the contingency perspective by showing the positive effects of hygiene pay, negative effects of performance pay, and different pay structure contextual effects between pay satisfaction and task performance. This paper also presents a comprehensive pay model and task performance. Pay structure relates to goal achieving strategies, relate to task performance. Pay structures have direct effects on pay satisfaction and indirect effects on task performance.

VI. PRACTICAL IMPLICATIONS

This paper presents a comprehensive model of pay structure, pay satisfaction, and task performance in the hospitality industry. The results found that the hygiene factor significantly relates to pay satisfaction and task performance. Basic pay is a influential factor for the human resource management. Without satisfying employees basic needs, over-emphasizing pay structure may not positively affect task performance. It also showed that pay satisfaction is a important mediator between pay structure and task performance. With appropriately managed pay satisfaction, the problems of low pay to task performance can be sloved; however, pay structure, pay satisfaction, and task performance are tightly connected. Managers have to discover what their employees need and evaluate the cost to making improvements.

Based on the four quadrants of human capital, most hospitality managers do not value their employees. According to Delery & Doty (1996), the employed model is a contract, the employed relationship is a transaction, and the human resource configuration is compliance. They need a more effective contract and transaction criteria to manage their employees.

However, the low wages add to the high turnover rate of many companies. Therefore, managers should treat employees as assets (Delery & Doty, 1996). Managers should first be concerned about the internal equity of their employees and then create the specific value for external equity. Because of the low pay, the contracts should include monetary compensation and intrinsic motivation enhancements.

Besides, the results found the negative influence from performance pay to task performance and pay satisfaction. This research proposed that the lack of hygiene pay in the hospitality industry causes the different results from previous researches. However, combining hygiene factor into performance may be a solution to overcome that problem. Because of the inseparable responsibility, organizational or group pay would be better to apply in the hospitality industry. Practitioners can also adopt multiple performance relative pay plan like some part of organizational performance pay or group performance relative pay while some ratio with individual performance pay. Again, we want to emphasis that compensation system has to follow the strategy belonging to the internal and external environment, then it would be an efficiency tool to motivate employee achieve a higher performance.

VII. LIMITATION AND FURTHER RESEARCH

This paper discovered the meditated role of pay satisfaction in pay structure and task performance, but the explanation porportion is still low ($\Delta R^2=.122$). There might be other factors influencing the relationship between pay sturcture to taks performance. Besides, scholars have divided performance into task performance and contextual performance and indicated that task performance refers to actions and contextual performance refers to emotional variables (Morgeson, Delaney-Klinger & Hemingway, 2005). Therefore, the pay's influence may not only on what they can do but also what they will do. Future research on the different influences of performance may confirm the purpose of our study.

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