

Strategic Initiatives for Enhancing Compensation Management at Guangxi B Company

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Abstract

The research objectives were: 1) to examine the current state of compensation management at Guangxi B Company, 2) to identify the gaps and defects in the compensation management practices at Guangxi B Company, and 3) to propose strategies for enhancing the compensation management at Guangxi B Company. This research employed convergent parallel mixed methods approach. Quantitative data were collected through a questionnaire distributed to all 367 employees, with 350 valid responses. Qualitative data were gathered through interviews with employees, middle managers, and senior management, totaling 13 participants, selected using purposive sampling. The quantitative data were analyzed by using descriptive statistics, while the qualitative data were analyzed through thematic analysis. The results from both methods were synthesized to provide a comprehensive understanding of the compensation system and effectively address the research objectives.

The research findings revealed that: 1) the compensation management system at Guangxi B Company showed moderate transparency and clarity, with average competitiveness in salary structures. Employee satisfaction was moderate, with concerns about fairness and alignment with market standards, particularly regarding bonus schemes and performance evaluations; 2) significant gaps included perceived pay disparities, low overall satisfaction with compensation packages, and a lack of transparency in compensation policies. Employees felt under-compensated relative to their responsibilities, and the unclear connection between performance and rewards led to feelings of inequity and demotivation; 3) enhancing compensation management involved establishing clear salary structures, simplifying bonus schemes, and implementing objective performance evaluations. Regular communication, market benchmarking, and creating feedback mechanisms were also essential for fostering transparency, fairness, and employee engagement, ultimately aligning compensation practices with employee expectations and industry standards.

Keywords: compensation management; compensation strategic initiative; human resource management

1. Introduction

Compensation management is central to the growth and development of organizations and the long-term survival of firms depends on how this critical variable is managed (Alliu, 2023). As the most effective incentive method to protect and improve employees' work enthusiasm, salary plays a decisive role in the company's governance process. Reasonable and effective remuneration can not only stimulate employees' enthusiasm and initiative, but also enhance employees' sense of identity and satisfaction with the enterprise, thus motivating employees to better complete personal tasks, achieve organizational goals, and improve the economic benefits of the enterprise. Compensation Management as a Determinant of Job Satisfaction (Ismail, 2023). At the same time, reasonable and effective remuneration can also further attract and retain outstanding talents for the company, reserve core human resources for the company, and thus better support the company's development strategy. Enterprise managers should stand at the level of management, systematically understand the salary system, scientifically position it, and adopt salary incentives suitable for the development of the enterprise. There is a robust link between compensation management and employees performance. The variables which have impact on employees performance are wages & remuneration, working hours and promotional policies of the organization. (Sharma, 2020) Employees must be managed properly and timely by providing best remuneration and compensation as per the standards. The lucrative compensation will serve the necessity for attracting the pre-eminent employees and helps in retaining them.

Guangxi B company Wage's salary system reform from 2005 to the present was implemented against the background of the company's long-term development strategy changes, and played a positive role in the company's rapid development period from 2005 to 2015. However, there were some legacy issues left over from the salary system design at that time. The problem has not been solved until now, and it is also a difficult task that plagues the human resources department. With the development of social economy and the diversification of corporate industry development, some industries are bound to be in recession, and their human resources will be adjusted to demand industries. As a result, the salary system of a large number of employees has been unable to activate employees' work enthusiasm, resulting in work burnout and affecting Long-term development of enterprises.

This article will first assess the current state of compensation management at Guangxi B Company, focusing salary structures, bonus schemes, benefits packages, performance evaluation methods, employee satisfaction with compensation, and employee perceptions of fairness in compensation. It will then identify the gaps in these compensation management practices. Based on this analysis, the article will propose strategic initiatives for optimizing the

salary system at Guangxi B Company, including a tailored plan for core positions. Finally, the article will address the challenges and potential impacts of implementing the optimized compensation system, providing valuable insights and recommendations for similar enterprises seeking to improve their salary systems.

2. Objectives

- 1) To examine the current state of compensation management at Guangxi B Company.
- 2) To identify the gaps and defects in the compensation management practices at Guangxi B Company.
- 3) To propose strategic initiatives for enhancing the compensation management at Guangxi B Company.

3. Literature Review

3.1 Guangxi B Company: History, Growth, and Organizational Context

Guangxi B Company, founded in 1955, has long been dedicated to the research and development of deep-processed soybean foods. Over decades of hard work and innovation, the company has grown into a medium-sized manufacturer of soybean-based products in China. In 1978, it pioneered the development of soy milk crystals in China and tofu curd products, winning several prestigious awards such as the National Ministry of Light Industry Quality Product Award and multiple gold medals at international food expos, including the 13th Paris International Food Expo and the First China Food Expo. The brand "Guangxi B Company" was later recognized as a time-honored brand in the Guangxi region, and in 2020, it was also honored as a high-tech enterprise.

As of today, Guangxi B Company employs over 300 people, has fixed assets valued at more than 100 million yuan, and operates a factory covering 40,000 square meters, with an annual production output of nearly 10,000 tons. Its main products include a variety of soybean-based items such as the "Guangxi B Company Brand" soy milk crystal series, tofu curd series, instant soy milk powder, and other nutritional foods. The company distributes its products through numerous dealers across China and exports to international markets.

The company's soy milk, a beloved traditional snack in Wuzhou, Guangxi, is made using the region's famous "Bingjingquanxiang" well water. With a rich history of over 80 years, it holds a special place in the region's intangible cultural heritage and was included in the "China Intangible Cultural Heritage Collection" in 2007. Wuzhou B Company Soy Milk also

gained national recognition after being featured on Hunan TV's popular show "Tian Tian Shang Shang" in 2013, further boosting the company's reputation.

Guangxi B Company operates under a performance-based compensation system, combining fixed and floating compensation, complemented by job allowances and benefits. My research aims to analyze the company's compensation system by examining its organizational structure, the distribution of responsibilities, and various components of its compensation system, including basic and performance-related pay. This study serves as the groundwork for optimizing the company's compensation system in the future.

The company began reforming its compensation system in 2005 to align with its long-term development strategy. The system played a crucial role in motivating employees during the company's rapid growth from 2005 to 2023. However, despite its initial success, the compensation structure has become rigid over time, and issues such as an unrealistic job value assessment have persisted. As the company's industry landscape diversified, certain sectors began to decline, leading to a reallocation of human resources. Unfortunately, the existing compensation system no longer accommodates these new roles, causing an imbalance between employee effort and rewards. This has resulted in a significant decline in employee motivation and a rise in job burnout, severely affecting the company's long-term growth and its competitive edge in the market.

3.2 Compensation Management

Employee compensation plays a crucial role in shaping employee motivation, with numerous studies confirming a positive relationship between compensation and motivation. Research indicates that changes in employee compensation are closely linked to improvements in productivity, job satisfaction, and service quality (Danish & Usman, 2010). Furthermore, regular and well-structured wage increases, allowances, bonuses, fringe benefits, and other compensations serve to maintain employee morale and motivation, helping employees feel valued and engaged in their work (Tumi et al., 2022). From an organizational perspective, compensation is a key tool for attracting, recruiting, training, and retaining talented employees. Effective compensation management not only ensures that employees are adequately rewarded but also motivates them to contribute toward achieving the organization's strategic goals (Tumi et al., 2022). However, despite the importance of compensation management, several challenges persist in practice. One significant issue is the disparity in pay, which can lead to feelings of injustice and dissatisfaction among employees (Greenberg, 1990). Disparities in pay often arise from poorly structured salary frameworks or failure to consider external market rates, causing employees to perceive their compensation as inadequate relative to their contributions or compared to their peers (Adams, 1965). This

dissatisfaction is compounded by an inequitable distribution of rewards, where certain employees feel excluded from performance bonuses or promotions, further damaging morale and increasing turnover (Kuvaas, 2006).

Another critical gap is the lack of transparency in compensation policies. Employees may be unaware of how compensation decisions are made, leading to distrust and decreased organizational commitment (Balkin & Gomez-Mejia, 1990). When employees do not understand the criteria for receiving raises, bonuses, or benefits, it creates a perception of favoritism or inconsistency, undermining fairness within the organization (Kuvaas, 2006). Moreover, there is often a misalignment between compensation and performance, which can demotivate employees. When employees feel their compensation does not align with their efforts or performance, they may lose the incentive to work harder or produce high-quality results (Heneman & Judge, 2000). This misalignment can occur if compensation systems are not regularly reviewed or updated to reflect changes in organizational goals, employee roles, or external market conditions.

In sum, while compensation remains a powerful tool for motivating employees and driving organizational success, many organizations continue to grapple with challenges such as pay disparities, inequitable reward distribution, lack of transparency, and misalignment between compensation and performance. These gaps in compensation management can undermine employee motivation, reduce job satisfaction, and hinder the achievement of organizational goals. Addressing these issues is crucial for optimizing compensation systems and fostering a more motivated and engaged workforce.

3.3 Strategic Initiatives for Enhancing Compensation Management

Strategic initiatives in compensation management are essential for optimizing employee motivation, satisfaction, and organizational performance. Key initiatives include adjusting salary structures to ensure they are competitive with industry standards, addressing disparities, and aligning compensation with job responsibilities and market conditions. Revisions to bonus policies can further incentivize desired employee behaviors by linking rewards directly to performance outcomes (Gerhart & Fang, 2014). Additionally, enhancing benefits packages to include comprehensive health insurance, retirement plans, and wellness programs can address employees' broader needs, contributing to improved job satisfaction and retention (Bryant et al., 2020).

Implementation of performance-based incentives is another effective initiative for aligning compensation with individual and organizational goals. When compensation is tied to clear, measurable performance indicators, employees are more likely to feel motivated to achieve high levels of productivity and contribute to the company's success (Okpebholo &

Sheikh, 2020). Introducing employee feedback mechanisms, such as surveys or regular focus groups, ensures that employees have a voice in the design and ongoing evaluation of compensation policies. This approach can enhance perceptions of fairness and transparency, which in turn improves employee engagement and trust in the organization's compensation system (Rasheed et al., 2020). Furthermore, training programs for managers on compensation practices are crucial for ensuring that the implementation of compensation policies is consistent, fair, and aligned with organizational objectives. These programs can help managers better understand how to communicate compensation decisions, handle disputes, and ensure that employees feel valued and rewarded appropriately (Gerhart & Fang, 2014).

For Guangxi B Company, implementing these initiatives, such as conducting regular compensation audits, revising salary structures and bonus schemes, and introducing performance-based incentives, could bridge existing gaps in its compensation system. Additionally, fostering a culture of recognition, where employees are regularly acknowledged for their contributions, would improve employee morale and productivity, ultimately contributing to the company's long-term success.

3.4 Related Research

Bai (2019) emphasized that human resource management plays a central role in enterprise management, serving as a critical component of a company's overall system. According to Bai, an effective and scientifically structured human resource system can fully engage employees, encouraging them to maximize their potential and, in turn, drive company growth. Bai's work highlights strategies for optimizing corporate salary systems, offering key considerations for workplace system reforms. These suggestions have proven valuable for stimulating employee motivation, thereby enhancing organizational efficiency and performance.

Similarly, Zafar (2022) proposed that employee performance can be significantly improved by offering competitive salaries, rewards, job security, and clear promotional opportunities. These elements, central to compensation management, play a crucial role in boosting employee morale and work performance. Zafar's research indicates a positive correlation between compensation practices and employee work performance, asserting that management's focus on aligning compensation with employee contributions is essential for enhancing overall productivity. This aligns with broader research suggesting that well-designed compensation systems are integral to achieving higher employee engagement and organizational success.

Additionally, recent studies have expanded on these ideas, demonstrating that modern compensation management practices should incorporate a variety of variables, such as

transparency in salary structures, performance-based incentives, and equitable reward distribution, to address employee satisfaction and retention (Bryant et al., 2020; Gerhart & Fang, 2014). These findings reinforce the idea that compensation management must evolve to remain aligned with both organizational goals and employee expectations, ensuring sustained improvements in work performance and organizational competitiveness.

By integrating these perspectives, the current research can build on existing studies to analyze and improve compensation management practices, specifically addressing the gaps in compensation structures and their impact on employee performance.

3.5 Conceptual Framework

Conceptual framework as show in Figure 1.

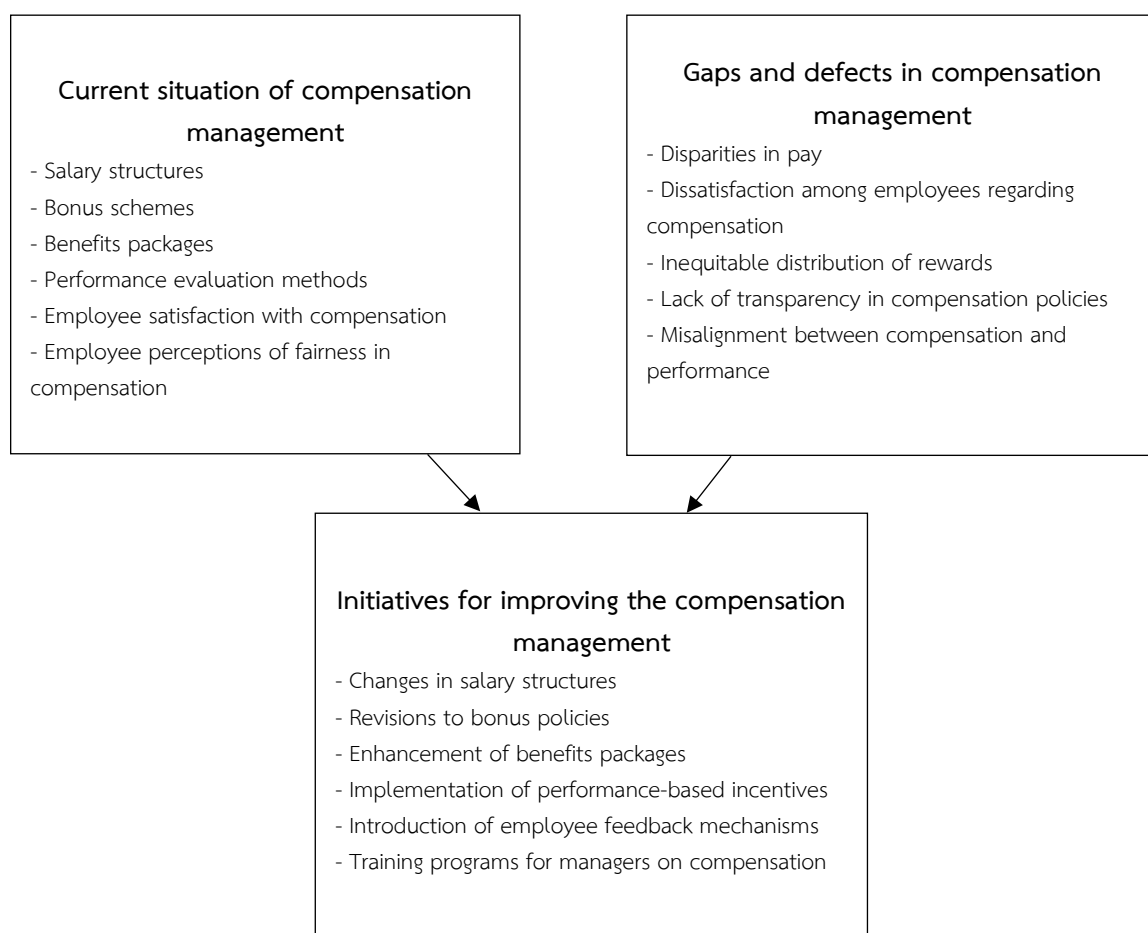


Figure 1 Conceptual Framework

The conceptual framework shown in Figure 1 illustrates the comprehensively examine the compensation management practices within Guangxi B Company, with three distinct objectives. Firstly, the study seeks to analyze the current state of compensation management by investigating various facets such as salary structures, bonus schemes, benefits packages,

and performance evaluation methods. Additionally, it aims to gauge employee satisfaction with their compensation and assess perceptions of fairness in the distribution of rewards.

Secondly, the research endeavors to identify existing gaps and defects in the compensation management system. This involves scrutinizing disparities in pay, assessing levels of employee dissatisfaction regarding compensation, and pinpointing areas where the distribution of rewards may be inequitable. Transparency in compensation policies and the alignment between compensation and performance will also be examined closely to uncover deficiencies.

Finally, the study aims to propose concrete initiatives for improving the compensation management system within Guangxi B Company. This may include recommendations for restructuring salary frameworks, revising bonus policies, enhancing benefits packages, and implementing performance-based incentives. Moreover, suggestions for the introduction of employee feedback mechanisms and the provision of training programs for managers on fair compensation practices will be explored.

4. Research Methodology

4.1 Research Design

This research adopted a convergent parallel mixed methods approach to examine the compensation management practices at Guangxi B Company. The study integrated both quantitative and qualitative data to provide a comprehensive analysis of the current compensation system. The quantitative phase involved surveying employees to gather numerical data on their perceptions of the company's salary structures, benefits packages, and reward mechanisms. The qualitative phase included in-depth interviews with managers to gain insights into the company's compensation strategies, policies, and practices.

By comparing both sets of data, the research identified gaps between the company's compensation practices and employees' expectations, revealing discrepancies between the intended goals of the compensation system and its actual outcomes. These gaps were analyzed using a gap analysis framework to pinpoint the specific deficiencies in salary structures, bonus schemes, and performance evaluation methods.

Based on these findings, the study proposed strategic recommendations and a structured framework to optimize the compensation management system, ensuring that it better supports employee engagement, aligns with corporate objectives, and fosters organizational growth. Furthermore, the proposed compensation system design was evaluated by five salary management experts to ensure its feasibility, consistency, and practical applicability within the company's context. This convergent approach allowed for a richer understanding of the compensation management challenges at Guangxi B Company and

offered a balanced, data-driven solution that integrates both employee perspectives and managerial insights.

4.2 Population and Sample Size

The study focuses on 367 employees of Guangxi B Company as the research population. For the quantitative phase, data were collected through a questionnaire distributed to all 367 employees, yielding 350 valid responses. For the qualitative phase, interviews were conducted with 13 individuals, including 9 grassroots employees, 3 middle-level employees, and 1 senior manager, to ensure a range of perspectives. The questionnaire survey was designed to gather comprehensive data on employees' views and suggestions regarding the company's compensation system. This convergent parallel mixed methods approach enhances the scientific rigor and depth of the research findings by integrating both quantitative and qualitative data, allowing for a more comprehensive analysis of the compensation management system.

4.3 Research Tools

The study utilized both questionnaires and interview guide questions as primary research tools. To ensure the robustness of the questionnaire, interviews were conducted with a stratified random sample of five individuals, including three grassroots employees, one middle-level employee, and one top-level manager. This process helped identify key issues and refine the questionnaire design. The questionnaire was developed based on the conceptual framework and a comprehensive review of the literature, utilizing a five-point Likert scale for responses (1 = Strongly Disagree, 5 = Strongly Agree). A pre-survey was conducted with 30 participants, which helped evaluate the instrument's reliability and validity.

Reliability and Validity Testing: For validity assessment, content validity was ensured by having three subject matter experts review the questionnaire to ensure it adequately covered all relevant aspects of the research objectives. In addition, construct validity was verified by aligning the questionnaire items with the theoretical framework and established literature on compensation management.

Table 1 Reliability test for each section of the questionnaire

Section of Questionnaire	Number of Questions	Cronbach's Alpha
Salary Structure	3	0.74
Bonus Schemes	3	0.76
Benefits Packages	3	0.78
Performance Evaluation Methods	5	0.75
Employee Satisfaction with Compensation	5	0.79
Employee Perceptions of Fairness in Compensation	5	0.76

Section of Questionnaire	Number of Questions	Cronbach's Alpha
Overall Reliability Coefficient	24 (Total Questions)	0.81

Reliability was tested using Cronbach's alpha, which yielded a reliability coefficient above the accepted threshold of 0.7, indicating that the instrument was internally consistent (Sürücü & Maslakci, 2020). For construct validity, factor analysis was used. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.872, which is considered “very suitable” for factor analysis (values above 0.8 are ideal, as per Kaiser). The Bartlett’s Test of Sphericity yielded a significant result (Chi-Square = 5214.829, df = 351, $p < 0.01$), indicating that the data were suitable for factor analysis. These values confirm that the questionnaire was both reliable and valid for the study.

4.4 Data Collection

This study employed a convergent parallel mixed methods approach to explore the corporate salary management system at B Company. The data collection process consisted of two parallel stages: quantitative and qualitative research. In the first stage, quantitative data were collected by distributing anonymous questionnaires to 367 employees at B Company. A total of 350 valid responses were gathered, aiming to assess employee perceptions of the compensation system, including salary structure, performance appraisals, and benefits packages. This survey provided valuable insights into the general trends and gaps in the current salary management practices.

Simultaneously, qualitative data were collected through interviews with 13 individuals, including 9 employees, 3 middle-level employees, and 1 senior manager. These interviews were designed to gather in-depth feedback on employees' real opinions regarding compensation and identify issues not captured by the quantitative survey. The qualitative data were essential in providing a more detailed and context-rich understanding of the compensation system's challenges and opportunities. After both sets of data were collected, they were analyzed together, allowing for triangulation. This convergence of quantitative and qualitative findings helped refine the theoretical framework and led to the development of strategies that not only optimized the compensation system but also supported employee career development and aligned with organizational goals.

4.5 Data Analysis

Based on the data obtained from the questionnaire, statistical analysis was used to examine the true opinions of a specific group, including frequencies, percentages, means, and standard deviations. From the data obtained through interviews, the researchers conducted thematic analysis to understand the suggestions made by company employees regarding

salary structure adjustments and the salary management design issues that the company needed to address.

Effective solutions were proposed from three aspects: feasible steps, policies, and frameworks. A compensation system optimization guide was developed to improve the company's compensation management and promote its long-term and stable development.

5. Research Finding

1) Key Findings on the Current State of Compensation Management at Guangxi B Company.

Table 2 Descriptive statistics of 6 dimensions of the compensation management in Guangxi B Company from the questionnaire survey (n = 350)

Dimension	Minimum	Maximum	Mean	S.D.	Interpretation
Salary structures	1.00	5.00	3.035	1.194	Moderate
Bonus schemes	1.00	4.00	3.077	1.210	Moderate
Benefits packages	1.00	5.00	3.739	1.042	High
Performance evaluation methods	1.00	5.00	3.027	1.216	Moderate
Employee satisfaction with compensation	1.00	5.00	3.021	1.176	Moderate
Employee perceptions of fairness in compensation	1.00	5.00	3.058	1.135	Moderate

The results from the descriptive analysis show that employees at Guangxi B Company have generally moderate views on their compensation practices. When it comes to salary structures (mean = 3.035), the feedback is neutral, indicating that employees are somewhat unsure about how the salary system is set up, with opinions split between positive and negative views. Bonus schemes (mean = 3.077) also fall in a similar range, suggesting that while employees are moderately satisfied, they may not fully feel that the bonuses are being distributed in the most effective or fair way. On the other hand, the benefits packages (mean = 3.739) were seen more positively, with employees appreciating the benefits they receive, indicating a stronger sense of satisfaction in this area. However, both performance evaluation methods (mean = 3.027) and employee satisfaction with compensation (mean = 3.021) are rated moderately, suggesting that while employees are content to some extent, there's still significant room for improvement in how their performance is measured and how satisfied they feel with their overall compensation. Lastly, employee perceptions of fairness in compensation (mean = 3.058) reflect a moderate level of agreement that the compensation practices are fair, though there are occasional concerns about equity. In conclusion, while certain aspects of compensation are seen positively, there are clear opportunities to improve

areas like salary structures, bonus schemes, and performance evaluations to increase overall satisfaction and fairness in the system.

Table 3 Key points regarding compensation management at Guangxi B Company from the questionnaire survey

Aspect	Current Situation	Interpretation
Salary Structures	Moderate transparency and clarity, with a fair reflection of roles and responsibilities. Competitive, but average overall.	Slightly positive, but improvements are needed in transparency and competitiveness.
Bonus Schemes	Moderately clear communication, effective in motivating employees, and fair but could be more equitable.	Average, with room for improvement in enhancing motivation and fairness.
Benefits Packages	Increases employee satisfaction and loyalty, attracts talent, and enhances the company's reputation.	A strong positive impact, viewed as a key strength.
Performance Evaluation Methods	Moderately effective in capturing performance, but needs clearer criteria and more consistency. Plays a moderate role in development.	Average effectiveness, with potential for improvement in clarity and feedback.
Employee Satisfaction with Compensation	Moderate satisfaction with salary and benefits; the perception of adequate compensation for efforts is average.	Moderate satisfaction, indicating potential for enhancement.
Employee Perceptions of Fairness	The perception of fairness in compensation is slightly above average. It reflects skills and market value, but there is room for improvement.	Perceived as moderately fair, though could be improved in market competitiveness.

Table 4 Key findings form interviews on the current state of compensation management at Guangxi B Company

Aspects	Key Findings
1. Salary structure	
Basic salary	Provides a living wage, but may not attract new talent due to competitiveness issues.
Performance-based salary	Incentivizes employees but may not fully reflect individual contributions during market fluctuations.
Bonuses	Aimed at rewarding performance but are often complex, leading to confusion among employees.

Aspects		Key Findings
2. Bonus schemes	Linking bonuses to performance	Aligns individual, departmental, and company goals.
	Complexity of bonus distribution	Confusing rules lead to frustration and misunderstandings.
	Impact on employee morale:	Lack of clarity can create feelings of inequity and dissatisfaction among employees.
3. Benefits packages	Comprehensive offerings	Includes statutory social insurances and health check-ups.
	Demand for personalized benefits	Employees seek more flexible and tailored options for better job satisfaction.
	Impact on employee satisfaction	Current benefits may not fully meet evolving employee needs.
4. Performance assessment	Framework of performance assessment	Combines MBO and KPIs for measurable evaluations, aligning individual goals with company objectives.
	Limitations in cross-departmental evaluation	Rigid structure may overlook contributions in collaborative and innovative work.
	Subjectivity in performance evaluation	Potential biases in leader assessments can lead to feelings of inequity
5. Communication and transparency	Framework for communication	Clear compensation policies communicated during orientation, fostering trust.
	Problems in understanding	Despite efforts, employees still express confusion about compensation specifics.

Guangxi B Company's compensation management practices reveal a mixed landscape that balances essential components with significant areas for improvement. The salary structure provides a basic wage that ensures a living standard, yet it struggles to attract new talent due to competitiveness issues in the market. While performance-based salaries and bonus schemes are designed to incentivize employees, the complexities surrounding their distribution often lead to confusion and frustration, impacting employee morale. The benefits packages, although comprehensive and including essential social insurances and health check-ups, fail to fully meet the evolving demands for personalized options that could enhance job satisfaction. The performance assessment framework, which incorporates Management by Objectives (MBO) and Key Performance Indicators (KPIs), aligns individual goals with organizational objectives but has limitations in evaluating cross-departmental contributions and may introduce biases. Additionally, despite a structured approach to communication that aims to foster trust through clear policies shared during orientation, gaps in understanding remain, leaving employees unclear about specific compensation details. Overall, while

Guangxi B Company has established foundational practices in compensation management, there is a pressing need to address these gaps to enhance employee satisfaction and retention.

2) Key Findings on Gaps and Defects in the Compensation Management at Guangxi B Company

Table 5 Gaps and defects in the compensation management at Guangxi B company from the questionnaire survey

Key Issues	Evidence from Data	Implications
Disparities in Pay	Mean scores for satisfaction with compensation relative to effort, responsibility, and market value hover around 3.00-3.16. Large standard deviations (1.365-1.450).	Indicates some employees feel under-compensated, pointing to perceived disparities in pay.
Dissatisfaction Regarding Compensation	Overall satisfaction with salary and benefits packages is moderately low (Mean: 3.03-3.10). Significant variation in responses (Std. Deviation: 1.350-1.450).	Reflects moderate dissatisfaction with the compensation system. Variability in perceptions shows dissatisfaction among some employees.
Inequitable Distribution of Rewards	Fairness of bonus schemes and rewards distribution has a mean of 3.07-3.10.	Employees perceive inequity in the distribution of rewards, possibly leading to demotivation or a sense of unfair treatment.
Lack of Transparency in Compensation Policies	Transparency of salary structure is rated low (Mean: 3.01) and bonus schemes communication is similarly low (3.06).	Suggests lack of clarity in how salary and bonuses are structured and communicated, leading to confusion and potential distrust in the system.
Misalignment Between Compensation and Performance	Performance evaluation effectiveness and connection to employee development rated moderately (Mean: 3.03-3.05). Compensation fairness and reflection of market value also low (Mean: 3.15-3.16).	Indicates that employees feel there is no strong link between performance and compensation, suggesting a misalignment between effort/ performance and rewards.

The compensation management at Guangxi B Company reveals key issues, including noticeable pay disparities, inequitable reward distribution, and a lack of transparency in compensation policies. Moderate mean scores (3.00-3.16) and large standard deviations indicate varied employee perceptions, with some feeling fairly compensated while others experience dissatisfaction. The fairness and communication of bonus schemes are rated modestly (3.06-3.10), reflecting employee confusion and mistrust. Additionally, the misalignment between compensation and performance, with evaluations and market value

ratings around 3.03-3.16, highlights the system's ineffectiveness in motivating employees. These gaps underscore the need for significant improvements in fairness, transparency, and performance alignment within the company's compensation practices.

Table 6 Key findings form interviews regarding gaps and defects in compensation management at Guangxi B Company

Aspects		Key Findings
Inflexibility in salary adjustments	Perception of rigidity	Employees perceive the salary adjustment process as inflexible, with inaccurate performance assessment indicators and poor communication regarding bonuses.
	Impact of market conditions	Inability to adjust salaries in response to market changes can lead to talent attrition.
	Employee contributions and satisfaction	Lack of salary adjustments relative to contributions leads to decreased morale and disengagement.
Performance assessment limitations	Inadequate assessment indicators	Current performance metrics do not effectively capture employee contributions.
	Impact of market fluctuations	Employees feel demotivated when performance targets do not account for external challenges.
	Feelings of unfairness	Inadequate assessments foster dissatisfaction and mistrust.
Communication issues	Lack of clarity in bonus calculations	Employees are confused about how bonuses are calculated, leading to uncertainty.
	Misunderstandings about compensation distribution	Many employees lack a comprehensive understanding of compensation determination and allocation processes.
	Perceptions of unfairness	Poor communication leads to feelings of inequity and dissatisfaction.
Employee dissatisfaction	Lack of understanding of position value	Employees do not understand how their roles contribute to company success, leading to feelings of undervaluation.
	Impact of external market comparisons	Employees feel insecure if their compensation is not competitive with industry standards.
	Perceived inequities in compensation distribution	Perceived inequities create resentment and decreased morale, especially in high-pressure roles.

Aspects	Key Findings	
Information asymmetry	Unclear criteria for compensation	Employees lack clarity on the criteria for their compensation, leading to frustration.
	Lack of transparency in compensation processes:	Employees feel excluded from understanding how compensation decisions are made, fostering mistrust and discontent.

Guangxi B Company faces significant challenges in compensation management, including inflexible and opaque salary adjustment processes, inaccurate performance assessment indicators, and a lack of alignment with market conditions, leading to employee dissatisfaction and retention risks. Employees perceive the bonus calculation and compensation determination as unclear and unfair, with performance metrics failing to reflect individual contributions, particularly under challenging market conditions. This disconnect fosters mistrust and feelings of being undervalued, further exacerbated by non-competitive compensation compared to market standards and perceived inequities in reward distribution. The lack of transparency and communication regarding compensation policies creates widespread uncertainty and frustration, highlighting the urgent need for reforms to improve fairness, transparency, and alignment with employee contributions and market realities.

3) Initiatives for Improving the Compensation Management at Guangxi B Company

The initiatives for improving compensation management involve several strategies aimed at enhancing transparency, fairness, and employee satisfaction as show in Table 7.

Table 7 Initiatives for Improving Compensation Management at Guangxi B Company

Initiative	Description	Expected Outcomes
Enhance Salary Structure Transparency	Develop comprehensive documentation that outlines salary ranges, structures, and criteria for each role. Provide regular updates and training sessions for employees.	Improved understanding and trust in salary structures, leading to increased employee morale and satisfaction.
Simplify Bonus Schemes	Review and streamline bonus distribution criteria and communication methods. Implement clear guidelines and an easy-to-understand framework for employees.	Reduced confusion and frustration related to bonuses, enhancing motivation and alignment with performance goals.
Tailor Benefits Packages	Conduct surveys to gather employee preferences regarding benefits and develop flexible packages that can be customized.	Increased employee satisfaction and retention, as benefits more closely align with individual needs and preferences.
Revise Performance	Implement an objective performance evaluation framework that incorporates clear,	Enhanced fairness and accuracy in evaluations, fostering a culture of

Initiative	Description	Expected Outcomes
Evaluation Methods	measurable goals and regular feedback sessions.	continuous improvement and employee development.
Increase Communication and Training	Establish regular communication channels regarding compensation policies and performance expectations. Train managers on fair assessment practices.	Greater clarity regarding compensation and performance, reducing misunderstandings and building trust between employees and management.
Implement a Market Benchmarking System	Regularly assess and compare compensation packages against industry standards to ensure competitiveness.	Improved market competitiveness, helping attract and retain top talent while ensuring fairness in employee compensation.
Create an Employee Feedback Mechanism	Establish a system for ongoing employee feedback regarding compensation and benefits, allowing for anonymous submissions to gauge satisfaction.	Increased employee engagement and satisfaction, as employees feel their voices are heard and can contribute to policy development.
Develop Clear Role Descriptions	Create comprehensive job descriptions that clearly outline roles, responsibilities, and expectations for each position within the company.	Better understanding of position value among employees, leading to increased satisfaction and perceived equity in compensation.
Implement Regular Compensation Reviews	Schedule periodic reviews of compensation policies and structures to assess effectiveness and make necessary adjustments based on employee feedback and market trends.	Continual improvement of compensation practices, ensuring alignment with evolving employee needs and market conditions.
Foster a Culture of Recognition	Implement formal recognition programs that celebrate employee contributions and achievements beyond monetary rewards, such as awards and public acknowledgment.	Enhanced employee morale and engagement, contributing to a more positive workplace culture.

First, salary structure transparency can be achieved by developing comprehensive documentation outlining salary ranges, roles, and criteria, accompanied by regular updates and training for employees, which improves understanding and builds trust. Simplifying bonus schemes by reviewing and clarifying distribution criteria will reduce confusion, enhancing motivation and alignment with performance goals. Tailoring benefits packages based on employee preferences, gathered through surveys, will increase satisfaction and retention by offering more personalized benefits.

Revising performance evaluation methods by introducing an objective framework with measurable goals and regular feedback sessions will foster fairness and continuous improvement. Increasing communication and training, especially for managers, ensures that compensation policies and performance expectations are clearly understood, reducing misunderstandings and building trust. Implementing a market benchmarking system that

regularly compares compensation packages with industry standards will enhance competitiveness and help attract and retain top talent.

Additionally, establishing an employee feedback mechanism to gather ongoing input about compensation and benefits will increase engagement and show employees that their voices are valued. Creating clear role descriptions that outline responsibilities and expectations will help employees understand their position value and improve satisfaction. Regular compensation reviews, scheduled periodically, will assess the effectiveness of compensation practices and ensure they align with employee needs and market trends. Finally, fostering a culture of recognition by implementing formal programs to celebrate employee contributions beyond monetary rewards will boost morale and contribute to a positive workplace culture

6. Conclusion and Discussion

6.1 Conclusion

1) Current Situation of Compensation Management at Guangxi B Company

At Guangxi B Company, the current compensation management framework exhibits moderate levels of transparency and clarity in salary structures. While salaries generally reflect roles and responsibilities, competitiveness is only average, leading to concerns about attracting new talent. Bonus schemes are moderately effective in motivating employees but are often complicated, leading to confusion about calculations and fairness. Benefits packages are viewed positively, contributing significantly to employee satisfaction and loyalty. However, performance evaluation methods have been identified as moderately effective, lacking clarity in criteria and consistency. Overall, employee satisfaction with compensation is moderate, indicating room for improvement, particularly in perceptions of fairness and alignment with market standards.

2) Gaps and Defects in the Compensation Management at Guangxi B Company

Several critical gaps and defects in the compensation management system at Guangxi B Company have been identified. There are noticeable disparities in pay, with employees expressing feelings of being under-compensated, particularly in relation to their responsibilities and market value. Overall satisfaction with compensation packages is moderately low, indicating dissatisfaction among some employees. Additionally, perceptions of inequitable distribution of rewards contribute to demotivation, as fairness in bonus schemes is questioned. The lack of transparency in compensation policies and communication surrounding salary structures and bonus schemes further exacerbates feelings of confusion and distrust. Furthermore, there is a misalignment between performance and compensation, as employees perceive that the connection between their contributions and rewards is weak. Lastly, communication issues, including a lack of clarity regarding bonus calculations and overall

compensation distribution, create feelings of inequity and dissatisfaction, resulting in decreased morale and employee engagement.

3) Initiatives for Improving the Compensation Management at Guangxi B Company

To improve compensation management at Guangxi B Company, key initiatives focus on enhancing transparency, fairness, and employee satisfaction. These include developing a clear salary structure with defined criteria, simplifying bonus schemes, and tailoring benefits to employee preferences. Implementing objective performance evaluations and conducting regular market benchmarking will ensure competitive and fair compensation. Improved communication, manager training, and feedback mechanisms will foster trust and engagement, while comprehensive job descriptions will clarify roles and responsibilities. Additionally, formal recognition programs and regular compensation reviews will help adapt to market trends and employee needs, promoting a positive and equitable workplace culture.

6.2 Discussion

1) Discussion of Current Situation of Compensation Management at Guangxi B Company.

The findings on Guangxi B Company's compensation management reveal both strengths and weaknesses. Employees hold slightly neutral views on salary transparency and fairness, while bonus systems, though moderately effective, suffer from complexity and perceived inequities. Benefits packages are a clear strength, positively impacting satisfaction and loyalty. However, unclear performance evaluations and a lack of competitiveness in salary structures hinder employee morale and retention. High standard deviations across most dimensions indicate varied opinions, likely influenced by roles and personal circumstances. Addressing gaps in fairness, transparency, and market alignment is crucial, as clear compensation systems can improve retention (Luna-Arocas et al., 2020) and aligning pay with performance enhances equity and satisfaction (Quader, 2024). Strategic improvements are essential to foster engagement and long-term organizational success.

2) Discussion on the Gaps and Defects in the Compensation Management at Guangxi B Company.

The compensation management system at Guangxi B Company reveals several gaps and deficiencies based on employee feedback, which suggest areas in need of optimization. First, the moderate ratings for salary structures and performance evaluation methods indicate a lack of clarity and satisfaction among employees regarding how their salaries are determined and how their performance is evaluated. Employees may feel that salary structures are not transparent or competitive enough, which could lead to feelings of undervaluation. This is particularly concerning given that salary is a major factor in job satisfaction and employee

retention. Similarly, performance evaluation methods, while adequate, seem to lack a robust and fair system that employees can fully trust. The performance appraisal process may not be consistent or comprehensive enough to reflect employees' actual contributions, leading to dissatisfaction.

Another significant gap exists in bonus schemes, where employees report only a moderate level of satisfaction. While bonuses are meant to reward exceptional work, the current system may not be aligned with employees' expectations or the company's performance goals. A possible deficiency could be the lack of clear criteria for how bonuses are determined, which can lead to perceived inequities and reduced motivation. The company seems to perform better in terms of benefits packages, which received a relatively higher mean score. However, this does not entirely negate the fact that benefits, while appreciated, may not be personalized enough to meet diverse employee needs. The company might need to assess whether its benefits packages are sufficiently tailored to attract and retain top talent across different employee demographics.

Finally, the employee satisfaction with compensation and perceptions of fairness in compensation indicate a moderate level of contentment, but they reveal a critical opportunity for the company to improve in fostering a sense of fairness and equity. Employees may not fully believe that the system rewards their efforts or that the compensation practices are equitable across the board. This gap can significantly impact morale and employee loyalty.

The compensation management system at Guangxi B Company faces significant gaps, including pay disparities, weak alignment between performance and rewards, and a lack of transparency in compensation policies. These issues contribute to employee dissatisfaction, reduced morale, and disengagement. Perceived pay inequity and unclear bonus distribution undermine trust and motivation, as fairness in reward systems is critical for fostering a positive workplace culture (Javed, 2024). Additionally, poor communication about compensation processes creates uncertainty and distrust, highlighting the need for clearer, more consistent communication practices (Fulmer & Li, 2022). Addressing these challenges through improved equity, transparency, and communication will enhance employee satisfaction and engagement.

3) Discussion on the Initiatives for Improving Compensation Management at Guangxi B Company

To enhance compensation management, Guangxi B Company has identified key strategies aimed at improving transparency, fairness, and employee satisfaction. A clear salary structure that defines ranges and criteria for each role is essential for building trust and reducing turnover, as transparency in salary practices fosters employee understanding and satisfaction (Hofmann & Strobel, 2020). Simplifying bonus schemes is another priority to

minimize confusion around reward calculations and enhance motivation, as overly complex systems can lead to dissatisfaction (Peng et al., 2022). Additionally, tailored benefits packages, objective performance evaluation frameworks, and regular market benchmarking are critical for ensuring competitive and equitable compensation practices. Establishing feedback mechanisms and comprehensive job descriptions will further improve communication and role clarity, while fostering a culture of recognition through formal acknowledgment programs can boost morale beyond monetary rewards. These initiatives collectively address the gaps in Guangxi B Company's current compensation practices, aligning them with employee expectations and industry standards to drive satisfaction, engagement, and organizational success.

7. Research Suggestions

The sample selection in this study may have been limited by resources, time, or access privileges, resulting in the sample failing to adequately cover all relevant groups or industry sectors, thus limiting the broad applicability of the findings. Future research should aim to broaden the scope of the sample and enhance its diversity and representativeness, so as to reflect more comprehensively the actual effects of compensation management in different contexts.

The data collection in this study focuses on a specific time period, which fails to adequately capture the dynamic process of compensation management effects over time. In order to gain a deeper understanding of the long-term effects of compensation management, subsequent studies should consider adopting a longitudinal tracking design to collect data across different points in time, so as to reveal the sustained effects of compensation management on employee satisfaction and firm performance.

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