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COMPENSATION BENEFITS AS DRIVERS OF EMPLOYEE PERFORMANCE: INSIGHT FROM THE HOTEL INDUSTRY IN CEBU CITY

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ABSTRACT: Evaluating the core of compensation benefits that drives employee performance at selected hotels in Cebu City had been the primary purpose of this study. The study examined the relationship between financial compensation, indirect financial compensation, and non-financial compensation as components of compensation benefits and employee performance. A survey was conducted through questionnaires as instruments to collect the related data with a total number of 120 employees in the hotel as respondents. Descriptive methods were used in the study to gauge the frequency and percentage distribution of the participants' demographic profile. In addition, the relationship between compensation benefits and employee performance was examined through regression analysis. The respondents indicated that although employees recognized their financial and indirect financial compensation benefits, they had not perceived them as highly motivating or fulfilling enough to significantly enhance their engagement or performance level. The non-financial compensation had stood out as the key and primary factor influencing how employees had perceived their performance. The said analysis had rejected the study's hypothesis, showing a strong correlation between compensation benefits and employee performance. As a recommendation, hotels were encouraged to improve and refine their Compensation benefits; providing non-financial compensation is the highest priority, as revealed by this study. A competitive compensation benefits plan is the cornerstone of employee retention and motivation. Additionally, this study also holds a valuable resource for hotels within Cebu City and individuals pursuing a Master are in Business Administration (MBA), as it offers important perspectives to examine the significance of compensation benefits in improving business performance, especially in the hotel industry.

Keywords: employee compensation benefits, methods, and performance.

I. INTRODUCTION

The key element of a company's incentive program was compensation benefits, which were essential for recruiting, retaining, and motivating employees. The positive impact of compensation benefits on employee performance have been repeatedly shown in international studies (Cadsby, C. B., Song, F.,

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& Tapon, F., 2007). According to research conducted by (Fulmer, I. S., Gerhart, B., & Kim, J. H., 2023) , one aspect of the work relationship that is particularly significant is the payment of compensation in return for the contributions made by employees. For business, compensating employees in a way th at attracts, keeps, and inspires a workforce with the desired qualities is essential to successfully achieving performance goals (Yoopetch, 2021). Salary, bonuses, health insurance, and retirement plans were examples of compensation benefits that met fundamental demands and act as a major source of motivation for workers (Armstrong, 2023). Similarly, a study by (Reddy, 2020) found that an organization's ability to function efficiently and achieve its objectives was strengthened by compensation. Employee engagement and productivity were higher when they believed they had been fairly compensated.

Compensation benefits were strongly related to organizational commitment, which is the term used to describe an employee's emotional relationship to their company. (Eisenberger, 1986) found that employees who believed their pay was fair were more likely to develop a strong sense of loyalty to and commitment to their company. This dedication frequently resulted in improved performance and a readiness to go above and beyond what had been expected of responsibility (Rapai, 2017).Employees placed a great deal of importance on compensation, which could have affected their performance because it was determined by the quantity of work completed and the number of hours spent on it. Organizations used internal equity as a criterion to guarantee pay structure fairness. Based on the proportional value of each employee, internal equity was used to determine the remuneration given to them (Yolande, 2024).

The most frequent management issue in any organization was employee performance, which arises because without effective employee performance, an organization could not accomplish its objectives. The organization collapsed and faced a crisis when employees did not perform well (Onyebushi, 2019). Although the hospitality industry frequently requires hard work and lengthy, unsociable hours, these positions can became much more appealing by offering incentives (Hughes, 2002). Offering free meals during shifts, a round of drinks for employees at the end of the evening, or even employee's discounts can be a simple solution.

Making your workplace appealing to fresh talent and retaining current employees over the long run depend heavily on having a positive, welcoming, and encouraging corporate culture. Establishing open lines of communication with all employees and informing them of their opportunities for advancement within the organization is the first step in creating this culture (Watts, 2024).

The relationship between compensation benefits and employee performance had been widely studied across various industries globally. However, there was a notable gap in the context of the hospitality industry, particularly in Cebu City, Philippines, which served as a major hub for tourism and hotel businesses.

From a personal standpoint, the researcher had observed a recurring issue in the workplace: newly hired employees often received higher salaries than existing employees, despite having the same job title and responsibilities. This inequality in compensation had led to feelings of resentment and demotivation among long-standing employees (Seawell, 2024). As a result, employee performance may suffered, ultimately affecting the overall productivity and service quality of the hotel. This personal experience underscores the need to investigate how compensation benefits influenced employee performance and to identify equitable compensation strategies that can enhanced employee

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motivation and productivity. Employee morale might rise as a result of incentives that create a more positive work environment (Michalis, 2023).

This study is important because it filled in the gaps addresses the aforementioned by focusing on selected hotels within Cebu City. When an employee's felt valued and rewarded for their efforts, job satisfaction rises (Binghay, 2022). The impact of compensation benefits on employee performance in selected hotels within Cebu City was a multifaceted issue that required a localized understanding of the hospitality industry's dynamics. The unique cultural context of Cebu City, where interpersonal relationships and job security were highly valued, underscores the importance of tailored compensation strategies that align with local employee expectations (Cruz, 2021). Furthermore, employee compensation benefits were a factor in determining the duration they stay with an organization. One of the most crucial things to take into account as an employee is their awareness of their compensation package. Employee performance was undoubtedly influenced by this benefit package, as highlighted by studies conducted in Cebu City (Landero, 2014). By integrating these insights, hotel managers in Cebu City can design compensation packages that not only attract and retain talent but also foster a motivated and high-performing workforce. Future studies were encouraged to explore the long-term effects of these strategies on employee retention and overall organizational success within the region.

II. THEORETICAL BACKGROUND

This section laid out relevant legal bases and established theories. It provided a comprehensive review of the applicable laws and theories appropriate to the study.

The theoretical underpinnings of effect of compensation benefits on work performance were anchored in Equity Theory (Adams, 1963). This theory, which described how perceived fairness or injustice in compensation affected motivation, satisfaction, and productivity, was extremely significant to the study of employee performance in the hospitality industry. The theory posited that employees compared their inputs and outcomes to those of others and sought to maintain a balance between what they contributed and what they received. The amount of compensation received had an impact on our motivation in relation to how much employee believed they had contributed.

According to the concept of AMO Theory, managers improved employee performance by having a favorable impact on an employee's ability (A) to perform, motivating (M) them to perform, and giving them opportunities (O) to perform at work (Nehles, 2023). By taking into account an employee's skill, motivation, and opportunity, an organization more easily accomplished their objectives because it enhances employee performance (Kellner, 2019). Prioritizing all three factors increased a company's success compared to focusing simply on one or two (Ford, L., McNair, D., & Perry, W., 2023). Employee performance can help the organization reach its objectives. Employees in the hospitality sector served as the connection between hotels and guests and may also acted as advocates for environmentally friendly practices (Adi21). The core idea of the Ability-Motivation-Opportunity (AMO)Theory was developed within the field of human resource management. Ability (A), Motivation (M), and Opportunity (O) are three interrelated components that together provided optimal employee performance (Boxall, P., & Purcell, J., 2003). A common method to express the formula is:

(P) Performance = (A) Ability × (M) Motivation × (O) Opportunity

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The conceptual framework of this study integrates these theories, proposing that compensation benefits influence employee performance through the lenses of equity and AMO. The Philippine legal system provides a critical context for this relationship. Key legislation, including the Labor Code (Presidential Decree No. 442) and its provisions on holiday pay (Art. 94) and service incentive leave (Art. 95), the Wage Rationalization Act (R.A. 6727), the National Health Insurance Act (R.A. 7875), and the Social Security Act (R.A. 8282), establishes a baseline for mandatory compensation and benefits.

Most notably for the hospitality industry, the Service Charge Law (R.A. 11360) mandates the full and fair distribution of collected service charges to all covered, non-managerial employees. The implementing rules and regulations (IRR) of Republic Act (RA) 11360, also known as the Service Charge Law. This revised IRR was contained in Department Order (DO) 242, series of 2024 issued on Feb. 1. The regulations aim for the full and fair distribution of service charges among employees of hotels, restaurants, and other facilities. Actual work or service days or hours are used to determine distribution. Enhancing the allocation of service fees to include all workers—including "contractual, non-regular or agency workers" who work for the covered establishments—who are not directly employed by the major employers is the goal of the amendment. (Sy, K. and Yeung , 2024). All employees, with the exception of managerial employees as defined herein, regardless of their position, designation, or employment status, and regardless of the method by which their wages are paid, are considered covered employees," the new IRR stated (Patinio, New rules on service charge law out, 2024). Whether the pay amount increases or decreases shouldn't have an impact on how many charges employees earn. If any non-compliance is handled, employee claims and penalties result. Employees can submit complaints to the Department of Labor and Employment concerning the workplace if service charges are not paid out on a regular and equitable basis (Deshdeep, 2024). According to Department Order No. 238, Series of 2023, also known as the Rules on Administration and Enforcement of Labor Standards Pursuant to Article 128 of the Labor Code, as renumbered, the DOLE Regional, Provincial, Field, and Satellite Offices are responsible for keeping an eye on private enterprises' compliance (Labor Law PH, 2024).

Based on the theoretical framework, the following hypothesis was tested:

- **H_0: There is no significant relationship between compensation benefits and employee performance.**

III. OBJECTIVE OF THE STUDY

This study aims to investigate the influence of compensation benefits on employee work performance within Cebu's hotel industry. The findings will serve as a basis for formulating a strategic compensation plan for calendar year 2025. The specific objectives are:

1. To profile the respondent demographics in terms of age, gender, civil status, highest educational attainment, monthly income, department assignment, position, and years of service in the hotel industry.
2. To assess the structure of compensation benefits offered by hotels in Cebu, categorized as:

a) Direct financial compensation,
b) Indirect financial compensation, and
c) Non-financial compensation.

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3. To evaluate the level of employee performance based on the AMO framework, specifically in terms of:
a) Ability,
b) Motivation, and
c) Opportunity.
4. To determine the existence of a significant relationship between compensation benefits (direct financial, indirect financial, non-financial) and employee work performance.
5. To propose recommendations based on the findings of the hotel's compensation plan that can be implemented to enhance employee performance.

IV. METHODOLOGY

Research Design

This study employed a quantitative research design to examine the effect of compensation benefits on employee performance within hotels in Cebu, Philippines collect empirical data from hotel employees, the research primarily used questionnaires for surveys. The results provided useful suggestions for hotel management to maximize the compensation plans, which will eventually improve employee efficiency and supported the growth of the Cebu hotel industry.

Flow of the Study

This study involved the examination of multiple factors that needed to be taken into account. The stated problems on this study included the profile of respondents, compensation and benefits of Cebu Hotel Industry, the level of hotel employee performance, significant relationship between the compensation benefits and the employee work performance, hotel employees perceive the impact of service charge and service incentive leave on their motivation and satisfaction in their jobs, and the recommendations on hotel's compensation plan aimed to enhance employee performance. To analyze, interprets and achieve this study, the researcher applied in-process-output.

Environment

This study was conducted in selected 5 star hotel within Cebu, Philippines, in the hospitality industry. Location of the study is a first class, highly-urbanized province in the Philippines. Cebu is one of the top visited places in the Philippines because of its abundance of natural attractions, including white sand beaches, waterfalls, and incredible diving spots (Go, 2024). As tourism on the island advanced, the hotels and resorts also benefited. World-class amenities and services can be found in several 5 - star hotels and beach resorts in Cebu Province (Ramos, 2024). In the Philippines' hospitality and tourism industry, Cebu, the oldest city, enjoys a unique position. It is positioned as a dynamic hub in the Philippines' hotel industry because to its thriving tourism sector and rising infrastructure developments (Contributor, September 13, 2024). The demand for skilled personnel has increased in response to Cebu's competitive hotel competition, which may put pressure on salary and benefits.

Respondents

The respondents of this study were the employees of the selected hotels within Cebu, Philippines. The researcher preferred the method of stratified sampling. It provided and ensured representation from various hotel departments or jobs, offering a thorough grasp of how compensation benefits influence employee performance. The researcher determined the probable number of respondents utilizing an online sample size calculator. There are 120 total numbers of respondents in this study. The number of respondents was based on the number of employees, which is 173 from selected hotels classified as 5-stars. Under the sample size calculator, the researcher determined a 95% confidence level, a 5%

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margin of error, and 173 total populations. This made it sufficient and reliable to support the study.

Instrument

A structured survey questionnaire was developed as the primary research instrument to determine the effect on compensation benefits on employee performance in the hospitality industry within Cebu. This questionnaire was essential for collecting the data needed to support the study. A portion of the survey was adapted from the study conducted (Rapai, 2017), comprised three sections:

Section A: Gathered respondents' demographic profile.

Section B: Addressed compensation benefits.

Section C: Measures level of hotel employee performance.

Data-Gathering Procedure

The researcher had secured written permission from the chosen hotels and resorts in Cebu, Philippines, which was required for legality and suitable preparations in order to collect the required data. The distribution of the instrument was conducted personally by the researcher. The instructions on how to answer the questionnaire were explained to the respondents. Moreover, the respondents were assured that the data gathered would be kept confidential, as the researcher did not reveal their responses, which were protected by the Data Privacy Act. These instruments were retrieved and tabulated after the respondents had answered the entire questionnaire.

Treatment of Data

The data gathered from the answered questionnaire was subjected to the following statistical treatment. Descriptive statistics and regression analysis were used. The methods of measurement through frequency, mean, percentage, and regression analysis were used to precisely tabulate and produce a summary of the survey.

Scoring Procedures

The respondents answered the questionnaire according to the instructions provided. A Likert scale was used in the process of scoring for this study, with the objective to quantify respondents' opinions and perceptions of how compensation benefits impact their performance. The distribution of respondents to the study was thoroughly organized to ensure a representative sample of hotel employees. Stratified sampling was employed as a sampling method to guarantee that all of the hotel's primary departments are represented. The primary departments considered included: Front, Reservation Office, Food and beverage, Finance, HR, IT, Admin, Engineering, Security, Sales, and Housekeeping.

V. RESULT AND DISCUSSION

This laid the groundwork for comprehending the relationship between compensation benefits and employee performance by systematically organizing and examining the survey results. A thorough study was made possible by the explicit and organized presentation of the data gathered from respondents, who were hotel employees within Cebu City.

Table 1 Distribution of Respondent. This study utilized a sample of 120 respondents, drawn from a total population of 173 employees on selected 5-star hotel. The study encompassed employees from key hotel departments, including Front Office, Reservations, Food and Beverage, Finance, Human Resources, Information Technology, Administration, Engineering, Security, Sales, and Housekeeping.

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Table No. 1
Distribution of Respondent

Respondent Department	Population	
	N	%
Front Office/Reservation Department	13	11%
Food & Beverage Department	27	23%
Housekeeping Department	19	16%
Security Department	5	4%
Finance Department	36	30%
Sales Department	6	5%
Engineering Department	7	6%
HR, IT, & Admin Department	7	6%
Total:	**120**	**100%**

Table 2 Profile of the Respondent: Age. The vast majority of study respondents, at 42.5% of the total, were between the ages of 18 to 30. Given that a significant proportion of hotel employees are entry-level and early-career workers, this age group is extremely pertinent to the hospitality industry. A study by (Twenge, J. M., et. al., 2010) found that younger employees: Millennial and Gen Z placed a higher importance on professional development and advancement than just financial compensation. Additionally, those between that ages (18 - 30) were frequently in the early phases of their careers and placed a high value on learning, skill development, and job growth. Their performance was probably going to be greatly improved by compensation incentives like mentorship possibilities, educational allowances, or training programs.

Table 2
Age:

	Frequency	Percent
18 - 30	51	42.5
31 - 40	43	35.8
41 - 50	20	16.7
51 - 60	6	5
Total	**120**	**100**

Table 3 Profile of the Respondent: Gender. The survey's findings, which comprised 60 female and 60 male respondents (a total of 120), offered a balanced gender representation that is necessary for comprehending how compensation benefits impact employee performance at certain Cebu City hotels. The study had the advantage to examined gender-based differences in compensation given the survey had a fair proportion of male and female respondents. (Blau, F. D., & Kahn, L. M., 2020) highlighted the importance of gender-balanced research analyzing the main causes and impact of gender wage

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gap. This is in line with (Lawler, 2011) research, which highlighted how compensation benefits encouraged motivation and trust among all employees regardless of genders.

Table 3
Gender:

	Frequency	Percent
Female	60	50
Male	60	50
Total	**120**	**100**

Table 4 Profile of the Respondent: Civil Status. The distribution of the study respondents' civil status was displayed in the table; the majority (64.2%) is single. Thus they appreciated compensation packages that provided direct financial benefits more. In addition, since they were usually establishing themselves with their careers, single employees placed a high value on learning, skill development, and career growth. Their performance was probably going to be greatly improved by compensation incentives like mentorship possibilities, educational allowances, or training programs (Twenge, J. M., et. al., 2010). According to research by (Deery M., 2008), customized compensation plans can dramatically lower turnover rates in the hospitality industry, especially when they take into account the special requirements of single employees.

Table 4
Civil Status:

	Frequency	Percent
Married	42	35
Single	77	64.2
Widowed	1	0.8
Total	**120**	**100**

Table 5 Profile of the Respondent: Highest Educational Attainment. The survey showed that (80%) of the respondents had earned a college degree, emphasizing the relevance of educational attainment to assessing compensation and performance within hotel industry. Studies have indicated that employees who had higher education levels were more inclined to look for both internal and external rewards that acknowledged their accomplishments and credentials (Milkovich, G. T., & Newman, J. M., 2020). Reduced job satisfaction, decreased motivation, and eventually decreased productivity may result from compensation advantages that are viewed as insufficient or out of line with their expectations.

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Table 5
Highest Educational Attainment:

	Frequency	Percent
College Graduate	96	80
Elementary Graduate or less	1	0.8
High School Graduate	17	14.2
Post-Graduate	6	5
Total	**120**	**100**

Table 6 Profile of the Respondent: Monthly Income. The largest group of respondents earned between P10, 001 and P20, 000 which underlined the value of chances for gradual increases in salary, health benefits, and fundamental financial security. Compensation benefits were viewed by this group as important to enhancing their quality of life and providing for their everyday necessities. . Employees who were under financial difficulty were more likely to be stressed, had poorer job satisfaction, and were less productive, based on research (Pfeffer, 2018).

Table 6
Monthly Income:

	Frequency	Percent
P10,000.00 and below	4	3.3
P10,001.00 - 20,000.00	56	46.7
P20,001.00 - 30,000.00	36	30
P30,001.00 - 40,000.00	16	13.3
P40,001.00 - and above	8	6.7
Total	**120**	**100**

Table 7 Profile of the Respondent: Department Assign. The survey result indicated that the highest number of respondents which led at 30% were from the Finance Department signifying its essential part in influencing the compensation benefits and performance. A higher level of employee engagement and concern about compensation benefits and their impact on performance was indicated by the Finance department's majority of responses. According to the research, (Jenkins, D. G., et al., 2022) because of their goal-oriented work paradigm, accounting and finance professionals gave monetary rewards more weight than non-financial employees when assessing job satisfaction.

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Table 7
Department:

	Frequency	Percent
Engineering	7	5.8
Finance	36	30
Food & Bev.	27	22.5
Front Office/ Reservation	13	10.8
Housekeeping	19	15.8
HR, IT, & Admin	7	5.8
Sales	6	5
Security	5	4.2
Total	**120**	**100**

Table 8 Profile of the Respondent: Position. The rank-and-file employees who made up 67.5% of respondents, comprised a significant portion of the workforce at the hotels surveyed, this finding had an impact on the study by emphasizing how urgent it was to meet their compensation demands. These employees, however, were more sensitive to the sufficiency and equity of their compensation and benefits because they frequently received lower salary than management or supervisory level. According to research, workers in lower-level professions who felt their pay was insufficient were more likely to suffer from financial stress and job discontent (Pfeffer, 2018).

Table 8
Position:

	Frequency	Percent
Manager	9	7.5
Rank & File	81	67.5
Supervisor	30	25
Total	**120**	**100**

Table 9 Profile of the Respondent: Years of Service in hotel industry. The result revealed that the majority of respondents (52.5%) had between two and five years of hotel industry experience. Employees at this point were probably looking for chances for growth and career security. Because it directly affected their feeling of equity and job engagement, (Park, S., & Sturman, M. C., 2016) research indicated that mid-tenure employees were especially sensitive to how compensation matched their efforts.

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Table 9
Years of Service in Hotel industry:

	Frequency	Percent
1 year or less	28	23.3
1 year or less, 2 - 5 years	1	0.8
11 - 20 years & above	12	10
2 - 5 years	63	52.5
2 - 5 years, 6 - 10 years	1	0.8
6 - 10 years	15	12.5
Total	**120**	**100**

Table 10 Direct Financial Compensation. The interpretation column showed a largely neutral response for the majority of the indicators, which included a variety of compensation-related topics, such as pay, allowances, bonuses, service fees, transparency, and incentives. With a total standard deviation of 0.759 and a mean score of 2.74 for "Financial Compensation," the response was neutral. This showed that although workers somewhat agreed that their perks were adequate, they did not find them to be sufficiently fulfilling or motivating to encourage a high standard of performance or engagement. Salary that satisfies employees' financial demands is essential for improving employee retention and performance, citing study by (Milkovich, G. T., & Newman, J. M., 2020). Variability in responses to compensation advantages frequently resulted from variations in personal needs and expectations, as noted by (DeNisi, A. S., & Griffin, R. W., 2021). In addition, performance-based bonuses work best when employees perceive they are equitable and directly related to their work, claims (Lawler, 2008). Transparency in compensation systems is crucial for building confidence, minimizing miscommunications, and guaranteeing employees believed the system is just claims (Milkovich, G. T., & Newman, J. M., 2013).

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Table 10

Direct Financial Compensation

Indicators	Mean	Std. Deviation	Interpretation
My current salary adequately covers my needs and allows me to comfortably fulfill my wants.	2.78	0.972	Neutral
The allowance (e.g. Rice/ Medical) provided by the hotel is sufficient and positively impacts my job satisfaction.	3.04	0.999	Neutral
The year-end bonus I received adequately reflects my efforts and achievements.	2.72	1.078	Neutral
I cannot seek employment in another hotel because my compensation benefits are enough.	2.57	0.950	Disagree
The service charge met my expectations and was distributed fairly to the hotel employees in a reasonable manner.	2.01	1.170	Disagree
All employees are aware of the hotel's transparent rules, which include how the compensation system and processes work (Salary, service charge, allowances, others).	2.55	1.151	Disagree
I feel privileged and satisfied with the employee discount offered by the hotel.	3.19	1.023	Neutral
The hotel has implemented an annual salary increase that aligns with my expectations.	3.03	1.028	Neutral
FINANCIAL COMPENSATION	**2.74**	**0.759**	**Neutral**

Table 11 Indirect Financial Compensation. A total of a standard deviation of 0.717 and a mean score of 3.22 for "Indirect Financial Compensation," were interpreted as neutral. Indirect compensation can be improved in some areas, especially in the hotel's health insurance and retirement programs, even though employees are happy with some advantages like leave days and statutory benefits. Adequate leave policies are necessary for eliminating burnout, boosting employee productivity, and promoting well-being, claim (Kossek, E. E., & Lambert, S. J., 2005). (Eisenberger, R., et. al., 2002) assert that a key element in promoting employee happiness and corporate loyalty is perceived supervisor support. . (DeNisi, A. S., & Griffin, R. W., 2021) state that health insurance is an essential part of indirect financial compensation and that employee retention and satisfaction are

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greatly impacted by how adequate it is viewed. Retirement plans are an important aspect of long-term financial security for employees, and their perceived quality has a big impact on retention and job satisfaction, claims (Lazear, 1990). Effective benefit administration and communication are essential to ensuring employees comprehend and value their compensation packages, claim (Milkovich, G. T., & Newman, J. M., 2013).

Table 11

Indirect Financial Compensation

Indicators	Mean	Std. Deviation	Interpretation
I am content with a number of leave days available each year.	3.59	1.000	Agree
Whether I'm on vacation or sick leave, I feel supported and quickly approved by my superior.	3.62	1.039	Agree
The hotel's health insurance plan offers sufficient benefits and coverage.	2.86	1.087	Neutral
The hotel offers a competitive and valuable retirement plan.	2.79	1.003	Neutral
Our benefits are properly and promptly administered, and able to convey the policies (including eligibility and the claim procedure).	2.96	0.803	Neutral
My company complies with all the statutory benefits that the government prescribes.	3.48	0.86	Agree
INDIRECT FINANCIAL COMPENSATION	**3.22**	**0.717**	**Neutral**

Table 12 Non-Financial Compensation. A mean score of 3.20 with a standard deviation of 0.763, which was considered neutral. There is room for improvement in terms of career advancement, work-life balance, and formal recognition programs, even while employees acknowledge certain benefits of non-monetary pay, such as acknowledgment and a positive work environment. (Eisenberger, 1986) state that a major factor influencing employee motivation, job satisfaction, and organizational commitment is perceived supervisor support, which includes acknowledgment and gratitude. (London, 1983) says that because they offer a feeling of advancement and future possibilities, career development and promotion opportunities are essential for employee engagement and retention. (Schaufeli, W. B., & Bakker, A. B. , 2004) assert that improving employee engagement, well-being, and performance requires a favorable and encouraging work environment. Work-life balance is necessary for lessening anxiety, boosting job satisfaction, and improving general well-being, claim

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(Greenhaus, J. H., & Allen, T. D., 2011). Improving total employee engagement, retention, and satisfaction may be greatly aided by increasing these non-monetary rewards.

Table 12

Non - Financial Compensation

Indicators	Mean	Std. Deviation	Interpretation
My superior acknowledges and appreciates my contributions at work.	3.48	1.045	Agree
I have the opportunity to advance and get promoted at my job.	3.12	0.945	Neutral
My work environment is positive and supportive.	3.35	0.984	Neutral
In my workplace at the hotel, I feel secure and at ease.	3.38	0.963	Neutral
A good work-life balance is supported by my employer.	3.15	0.976	Neutral
I have the opportunity to be recognized and rewarded through the hotel's "Employee of the Quarter/Year" program.	2.74	1.025	Neutral
NON FINANCIAL COMPENSATION	**3.20**	**0.763**	**Neutral**

Table 13 Work performance: Ability. Employees generally feel confident in their ability to complete tasks, fulfill performance goals, and comprehend their job responsibilities, as seen by the mean score of 3.86 for "Ability" with a standard deviation of 0.699, which is denoted as "Agree." Employee confidence in their capacity to complete jobs effectively may be impacted by training that is not entirely thorough or consistently provided, as suggested by the neutral response (Singh, 2023). Hotel management's total operational efficiency and success are influenced by employees' capacity to satisfy performance standards, according to (Kotler, P., et. al., 2017). (Avey, J. B., et.al., 2011) emphasize how successful goal-setting results in increased work satisfaction and organizational commitment when job duties are clear.

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Table 13
Ability

Indicators	Mean	Std. Deviation	Interpretation
I have the necessary training to effectively carry out my duties efficiently.	3.32	1.004	Neutral
I have confidence in my abilities to complete my assignments properly.	3.97	0.888	Agree
I can be relied on to carry out superior's instructions.	3.99	0.783	Agree
I am able to meet the performance standards expected by the hotel.	3.99	0.815	Agree
I have a clear understanding of my job responsibilities.	4.03	0.939	Agree
ABILITY	**3.86**	**0.699**	**Agree**

Table 14 Work performance: Motivation. The average score for "Motivation" is 3.35 with a standard deviation of 0.809, which was considered "Neutral." Although employees were motivated by things like supervisor support, challenging duties, and recognition, the overall motivational impact of incentives and compensation benefits seemed to be neutral. Employees might not have been sufficiently motivated by the benefits, even though they were acknowledged, suggesting that variables other than monetary pay may have had greater influence on their motivation to work effectively (Morrell, 2011). According to (Kumar, M. S., & Kalaiselvan, V. R. , 2016) employees may be more intrinsically motivated if they have a good view of their work, indicating that they are motivated by the nature of their work. (Mhlanga, 2018) employee are driven when they think their efforts will result in benefits they want; motivation can be affected if incentives are seen as insufficient or attainable.

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Table 14

Motivation

Indicators	Mean	Std. Deviation	Interpretation
The compensation benefits I obtain for my efforts serve as my source of motivation.	3.32	1.094	Neutral
My work tasks are interesting and rewarding to me.	3.49	0.944	Agree
I am pleased with the level of support I receive from my supervisors.	3.53	0.970	Agree
I am motivated to do well by the incentives that the hotel's provides.	2.93	1.098	Neutral
I feel that my efforts and contributions are valued by my manager/ superior.	3.47	1.045	Agree
MOTIVATION	**3.35**	**0.809**	**Neutral**

Table 15 Work performance: Opportunity. Employees perceived a supportive work environment and some autonomy, but their impressions of career progression, management participation, and promotion rules were neutral, with a mean score of 3.27 for "Opportunity" and a standard deviation of 0.765, indicating "Neutral." Giving employees a sense of control over their work increases foundational motivation and productivity, which in turn improves job satisfaction (Rizwan, M., et al., 2014). Employee motivation and retention can decrease if there are unclear professional growth opportunities concluded by (El-Said, O., & Aziz, H., 2022). . Research from (Detert, J. R., & Burris, E. R., 2007) indicates that lack of engagement and decreased job satisfaction may result when employees perceive their opinions are not often addressed.

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Table 15
Opportunity

Indicators	Mean	Std. Deviation	Interpretation
There is autonomy in my job. It lets me decide on how to do the work.	3.42	0.826	Agree
My employer provides opportunities for career growth and advancement.	3.24	0.979	Neutral
The management acknowledges and considers my opinions and views on work-related issues.	3.26	0.921	Neutral
The management established fair and transparent policies of promotion for its qualified employees.	3.01	0.983	Neutral
The work environment supports my ability to perform well in my role.	3.41	0.957	Agree
OPPORTUNITY	**3.27**	**0.765**	**Neutral**

Table 16 Compensation Benefits to Ability: Model Summary. As stated in the model summary (R2 = 0.330), the predictors (compensation benefits) accounted for almost 33% of the variance in employee abilities. Based to this, employees' self-perceptions of their competence were greatly influenced by compensation benefits, yet this model may not have taken into account all the variables that affected their ability. The moderately positive correlation between ability and compensation benefits, as indicated by the R value of 0.574, suggested that employees' sense of competence increased in line with compensation benefits. The number of predictors in the model was taken into consideration by the Adjusted R2 value of 0.312, which also corrected for possible over fitting and demonstrated that the compensation benefits under study may, in fact, account for a respectable amount of the variance in ability. This findings aligned the study of (Shiluvana, 2024) highlighted the since compensated employees were more likely to successfully acquire and apply job-related competencies, investments in compensation for employees supported skill development and performance enhancement.

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Table 16
Model Summary: Ability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	**.574**[a]	.330	.312	.5794

a. Predictors: (Constant), NON FINANCIAL COMPENSATION, INDIRECT FINANCIAL COMPENSATION, FINANCIAL COMPENSATION

Table 17 Compensation Benefits to Ability: ANOVA. The model's statistical significance was further supported by the ANOVA findings, which showed a p-value of 0.000 and a F value of 19.030. This indicated that the model as a whole significantly predicted ability and that the predictors (financial, indirect financial, and non-financial compensation) collectively explained a meaningful portion of the variance in employee ability. These results implied that an important portion of the variance in workforce capabilities could have been explained by a well-designed compensation plan as highlighted by (Alnaimi, A., & Rjoub, H., 2023).

Table 17
ANOVA: Ability

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.167	3	6.389	19.030	**.000**[b]
	Residual	38.945	116	.336		
	Total	58.112	119			

a. Dependent Variable: ABILITY
b. Predictors: (Constant), NON FINANCIAL COMPENSATION, INDIRECT

Table 18 Compensation Benefits to Ability: Coefficients. Financial compensation has a statistically significant negative correlation with ability, demonstrated by its unstandardized coefficient of -0.328, t-statistic of -2.914, and p-value of 0.004. This finding implied that employees' assessed abilities declined as their financial reward rises. This means that excessive compensation could lead to complacency or replace intrinsic motivation, especially in situations where financial incentives are not closely linked to skill advancement (Gubler, T., Larkin, I., & Pierce, L., 2023).

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Table 18
Coefficients: Ability

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.973	.268		7.367	.000
	FINANCIAL COMPENSATION	**-.328**	**.112**	**-.356**	**-2.914**	**.004**
	INDIRECT FINANCIAL COMPENSATION	**.475**	**.107**	**.487**	**4.442**	**.000**
	NON FINANCIAL COMPENSATION	**.392**	**.095**	**.428**	**4.127**	**.000**

a. Dependent Variable: ABILITY

Table 19 Compensation Benefits to Motivation: Model Summary. The dependent variable (motivation) and the predictors (compensation benefits) had a significant positive association, as indicated by the R value of 0.799. This implied that employee motivation levels were significantly influenced by compensation benefits. The compensation components taken into consideration in this analysis accounted for almost 64% of the variation in employees' motivation, according to the R2 value of 0.639. Given its high explanatory power, it was concluded that these benefits of compensation played a significant role in motivating employees. In accordance with a study by (Ghazanfar, F., et al., 2011) positive effects related to compensation greatly increased employee engagement. All of these studies pointed to the importance of well-designed compensation strategies in enhancing employee motivation and, consequently, in elevating overall performance levels within the company.

Table 19
Model Summary: Motivation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	**.799**[a]	.639	.630	.4923

a. Predictors: (Constant), NON FINANCIAL COMPENSATION, INDIRECT FINANCIAL

Table 20 Compensation Benefits to Motivation: ANOVA. The regression model's statistical significance was examined in the ANOVA table. The whole model was statistically significant, as indicated by the F value of 68.399 and the p-value of 0.000. This indicated that employees' motivation

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was greatly impacted by the combination of non-financial, indirect, and financial compensation. These findings demonstrated how important compensation advantages were in influencing employee motivation, highlighting the importance of funding suitable compensation plans. Rewards, performance, attractiveness, and retention were found to be positively connected, according to the findings. The study (Nkouangas, L. Y., 2023) concluded that both financial and non-financial rewards were essential for raising employee motivation and altering behavior in the workplace.

Table 20
ANOVA: Motivation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.741	3	16.580	68.399	**.000**[b]
	Residual	28.119	116	.242		
	Total	77.860	119			

a. Dependent Variable: MOTIVATION

b. Predictors: (Constant), NON FINANCIAL COMPENSATION, INDIRECT

Table 21 Compensation Benefits to Motivation: Coefficients. The specific contributions of each predictor on employee motivation were examined in greater detail in the coefficients table. According to a t-statistic of 7.610 and an unstandardized coefficient of 0.614, non-financial compensation had the greatest beneficial impact on motivation. This finding was statistically significant and highlights the critical role non-financial rewards play in employee motivation, as indicated by the strong t-statistic and p-value of 0.000. The positive relationship between motivation and non-financial compensation is consistent with recent research of (Belle, N., & Cantarelli, P., 2024). Employee may view financial compensation as a typical expectation rather than an incentive to surpass performance goals. As a result, whereas financial rewards are essential for meeting employees' basic requirements, it may not always be an effective incentive for improved performance. The findings support new international research (DeVoe, S. E., & Norton, M. I., 2024) showing that indirect advantages and non-financial rewards have a far bigger impact on employee motivation than direct financial compensation, even though the latter is a fundamental motivator.

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Table 21
Coefficients: Motivation

Model		`		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.333	.228		1.462	.146
	FINANCIAL COMPENSATION	.132	.096	.124	1.378	.171
	INDIRECT FINANCIAL COMPENSATION	**.215**	**.091**	**.190**	**2.364**	**.020**
	NON FINANCIAL COMPENSATION	**.614**	**.081**	**.579**	**7.610**	**.000**

a. Dependent Variable: MOTIVATION

Table 22 Compensation Benefits to Opportunity: Model Summary. The model summary indicated that the predictors and opportunities had a strong positive connection (R = 0.804). This suggested that there was a substantial correlation between the model's compensation benefits and the employees' perception of opportunities within their company. The three compensation predictors accounted for approximately 64.6% of the variation in employees' perceptions of opportunity, according to the R2 value of 0.646. The findings were consistent with recent strategic compensation studies on opportunity-correlated financial and non-financial benefits (Zhang, L., & Grant, A. M., 2024). This nearly equal effect size demonstrated that compensation packages serve as both concrete representations of the organization's dedication to employee development and a psychological contract that influenced career optimism, especially when direct compensation, welfare benefits, and developmental opportunities are incorporated.

Table 22
Model Summary: Opportunity

Model	R	R Square	Adjusted R Square	Std. Error of
1	.804[a]	.646	.637	.4609

a. Predictors: (Constant), NON FINANCIAL COMPENSATION, INDIRECT FINANCIAL

Table 23 Compensation Benefits to Opportunity: ANOVA. The overall significance of the regression model was evaluated by the ANOVA findings. With a F value of 70.693 and a p-value of 0.000, the model was statistically significant, indicating that employees' perceptions of opportunity were considerably impacted by the combination of non-financial, indirect, and financial

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compensation. This emphasized how compensation advantages played a significant role in influencing how employees felt about promotions, career advancement, and the chances they had access to within the company. (Kim, E., & Park, S. , 2024) emphasized that employees' perceptions of their entire benefits package, notably indirect benefits like health insurance and educational support, as investments in their workforce, as opposed to transactional payments, strengthened their views about advancement and promotion equity within the organization.

Table 23
ANOVA: Opportunity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.060	3	15.020	70.693	.000[b]
	Residual	24.646	116	.212		
	Total	69.707	119			

a. Dependent Variable: OPPORTUNITY
b. Predictors: (Constant), NON FINANCIAL COMPENSATION, INDIRECT

Table 24 Compensation Benefits to Opportunity: Coefficients. With a t-statistic of 9.795 and an unstandardized coefficient of 0.740, non-financial is the best predictor. This suggested that boosting employees' feeling of opportunity was largely dependent on non-financial rewards, such as recognition, prospects for professional advancement, work-life balance, and a favorable company culture. The statistical significance of this association was confirmed by the p-value of 0.000, which indicated that employees' perceptions of opportunities at work significantly improved when they received more non-financial compensation. Firmly supported the latest research (Bianchi, E. C., & Mohliver, A. 2024) indicating that the most effective organizational indicator of growth prospects was non-monetary compensation.

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Table 24
Coefficients: Opportunity

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.552	.213		2.592	.011
	FINANCIAL COMPENSATION	.032	.089	.032	.356	.722
	INDIRECT FINANCIAL COMPENSATION	.080	.085	.075	.942	.348
	NON FINANCIAL COMPENSATION	**.740**	**.076**	**.737**	**9.795**	**.000**

a. Dependent Variable: OPPORTUNITY

Table 25 Recommendation of Compensation Plan. The study's clear results, which showed a significant yet disparate relationship between employee performance and compensation forms, urge for more than just theoretical discussion; they also prompt for practical action in the hotel industry within Cebu City. It's essential to move from study findings to a written suggestion for a compensation plan Maia, T. (2023).

Table 25

Recommendation of Compensation Plan

Areas of Concern	Direct Financial Compensation (Salaries, Allowances, Bonuses)
Objectives	To provide an equitable hotel financial compensation strategy/ plan incorporating that will positively impact employees' perception and job performance among hotels in Cebu City.
Strategies / Action Taken	***Strategy:*** **Implementation of Retention Bonus** Offer to hotel employees who achieve particular dates of service (e.g., 3 years, 5 years, 10 years, 15 years, and 20 years). To eliminate rapid

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	turnover and increase retention (Loyal Employees). ***Action:*** **Undertake Market Analysis** Conduct market analysis; examine competitive amounts for hotel industry. Retention bonuses**.** **2. Request Budget Approval** Provide a proposal to the hotel management for their approval. **3. Provide notice to hotel employees** Disseminate information for clarity about the program to all hotel employees. **1. Program Implementation** Offer all qualified hotel employees the opportunity to receive the retention bonus. **Monitor and Assess** Evaluate the effect on retention rates and make the necessary modifications.
Persons Involved	HR Director, HR - Compensation & Benefits Officer, Finance Director, General Manager.
Time Frame	12 Months
Budget	P 500,000.00
Expected Outcome	Decreased turnover among hotel employees. Training and Recruiting Cost Savings. Increased Loyalty and Employee morale.

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Areas of Concern	Indirect Financial Compensation (Leave benefits, Insurance, Retirement plan)
Objectives	To demonstrate indirect-financial compensation within the proposed hotel compensation plan motivates employees and promotes retention in the hospitality industry.
Strategies / Action Taken	**Strategy:** **Health Insurance Covering Dependents** Employee retention and satisfaction increase when at least 1 dependent coverage is provided (spouse, children, parents). ***Action:*** **. Planning Process and Conduct Benchmark Competitor's Check** ➢ Compare the dependent coverage options offered by competitors hotels within Cebu City. **. Arrangement approval on contribution process** ➢ Establish various ranges of employer contributions (e.g., 50% or 100% employer's share). **.Provide notice to hotel employees** ➢ Organize information sessions outlining possibilities for dependant coverage. **. Process on enrolling dependents** ➢ Facilitate and assist employees' applications on their dependents. **. Program Implementation** ➢ Offer all qualified hotel employees the opportunity on insurance coverage of their dependents. **. Update and assess based on employee feedback** ➢ Conduct survey to all employees to get their feedback on satisfaction.
Persons Involved	HR Director, HR - Compensation & Benefits Officer, Finance Director, Payroll, General Manager, all qualified employees.

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Time Frame	12 Months
Budget	P1,000,000.00 - 2,000,000.00
Expected Outcome	boost in employee loyalty Enhanced Performance Positive Branding for Employers
Areas of Concern	**Non- Financial compensation (Recognition, promotion and work environment)**
Objectives	To implement non-financial compensation strategies in reducing employee turnover rates and securing long-term employee retention in the hospitality industry.
Strategies / Action Taken	***Strategy:*** **Hotel Employee of the Quarter/Year Award** To formally recognize exceptional hotel employees in all divisions (front and back of house), boosting morale, confirming hard work, and nurturing an excellence culture. ***Action:*** **1. Plan and Conceptualize the Program** Defining precise requirements, guidelines for nominations, and incentives**.** **2. Set the mechanics of employee nomination & selection** Each department head nominates the top-performing employees from their team (Back / Front of the House). Then, all hotel employees vote and select the best employee which they think deserved. This

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	procedure guarantees equity and promotes employee involvement. **3. Execution on Awarding** Organize a ceremony to present awards on Employee of the Quarter/ Year (Venue). Facilitate a managed buffet or set menu provided to all employees to celebrate with the award ceremony. As they may also feel gratitude, belongingness, and motivation in their work. Prepare awards Certificate of Recognition with cash rewards or Gift check (1 Night stay or Restaurant availment) Host the program ceremony that includes speeches, prize presentations, and opportunities for employee appreciation. Photographs of the recognition should be posted to the Wall of Fame/ bulletin boards, and the hotel's social media accounts. This is a tactic to draw in new talent while fostering a sense of pride and worth within acknowledged employees.
Persons Involved	HR Department, Marketing Department, all Department Heads and General Manager
Time Frame	3 Months
Budget	P 70,000.00
Expected Outcome	Promotes Motivation among Employees Improve Retention of Employees Fosters Positive Competition

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Areas of Concern	Ability
Objectives	To improve the abilities of employees by giving skills improvement, enhancing productivity, and boosting job performance necessary to succeed in their duties.
Strategies / Action Taken	***Strategy:*** **Seminar and Cross-Training for Hotel employees** To promote acquiring new abilities, facilitate multitasking, and offer flexibility in situations that the hotel needs temporary manning (teamwork). ***Action:*** **1. Conduct Seminar** Organize in-house seminar or invite speakers with proficiency in the hospitality industry. **Schedule session:** Organize and designate hotel employees to attend with the goal to gain skills and abilities. **Initiate post-test:** A post-test will be administered to evaluate the seminar's efficacy and assess the employees' acquired knowledge. **Cross-training role of mapping** Determine roles/section that compliment, such as housekeeping to laundry, purchasing to receiving, or event to sales. **Assign Section trainer & trainee:** Assign a specific trainer to handle and a trainee on the chosen section to observe and hands-on the process and to arrange schedule that will conflict with their job. **Monitor and evaluate performance:** Examine comprehension by conducting post-training assessments.

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Persons Involved	HR Trainer, Guest speaker, Department Superior, and employee assign to be trained.
Time Frame	3 Months
Budget	HR/ In-house trainer – N/A Guest speaker – P 5,000.00 – 10,000.00
Expected Outcome	Improvement of Skills Improved Cooperation Among Team Members Development of Leadership
Areas of Concern	**Motivation**
Objectives	To design an alignment of compensation benefits that could promote employee motivation and loyalty.
Strategies / Action Taken	***Strategy:*** **Incentive Program Based on Performance** To improve motivation and output, compensation should be in line with employee performance. **Action:** **Assessment on compensation benefits** Discuss or hold open forums with employees and collect feedback if they are demotivated with the compensation benefits they currently receive. **2. Benchmarking of Compensation benefits** Conduct comprehensive comparisons of compensation benefits in competitive hotels within Cebu City.

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	3. Budget Approval on Incentive Program Secure budget approval from the management to implement the program. **4. Apply Roll-out** Implement the updated strategy across all departments and make sure employees understand its objectives. **Maintain Transparency and Consistent Monitoring** Review program efficacy on a regular through employees feedback.
Persons Involved	HR Team, Department Heads, General Manager/ Owner
Time Frame	12 Months
Budget	P 1,000,000.00
Expected Outcome	Optimized Motivation of Employees Alignment with company objectives Improved Employee Morale
Areas of Concern	**Opportunity**
Objectives	To implement a based on performance, equal, and transparent process that offers employees equal opportunity to grow in their careers in the hospitality industry.
Strategies / Action Taken	***Strategy:*** **Internal Promotion Privilege** To explicitly establish a process for promotion that gives preference and priority to qualified internal employees over external hires/applicants. This would support career advancement and increase motivation.

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	Action: **Qualification of promotion** Establish a method of evaluation that is based on points for experience, performance, capability and trainings. **Transparency and Equity** Reduce bias by regulating promotion procedures and equal growth opportunities. **Evaluation Performance-based Promotion and approval** Implement employee's appraisal annually to evaluate performance. **Acknowledgment of newly promoted employee** Arrange and highlight recognition promotion through an award ceremony (which might go along with the employee of the quarter award) or email notice.
Persons Involved	HR Manager, Department Heads, General Manager
Time Frame	12 Months
Budget	P 500,000.00
Expected Outcome	Enhanced Employee Efficiency Higher Retention of Employees Stronger Commitment and Loyalty

VI. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Summary of Findings

The summary of the statistical findings was organized to address each component of the research problem statement.

The demographic profile of the respondents

Subsequently, upon completing the survey, it was imperative to analyze the profile of respondents to verify the study's findings and confirm their applicability to the intended audience, which consisted of hotel employees in Cebu City. The survey respondents primarily contained of employees aged 18 to 30 (42.5%), followed by those aged 31 to 40 (35.8%) and 41 to 50 (16.7%), with a smaller representation from ages 51 to 60 (5%). The gender distribution of the study respondents equally split between males (50%) and females (50%) resulting to balanced representation of both gender. In terms of civil status, single individuals dominated (64.2%), followed by married (35%), and a small percentage were widowed (0.8%). Educationally, most respondents held a bachelor's degree (80%),

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while high school graduates accounted for (14.2%), post-graduates (5%) and a few of elementary graduates comprised of (0.8%). Hotel employees Income levels varied, with 46.7% earning between PHP 10,001.00 -20,000.00 monthly, 30% earning below PHP 20,001.00 – 30,000.00, and 13.3% earning PHP 30,001.00 – 40,000, followed by P40, 001.00 and above earning, and lastly the 3.3% between PHP 10,000 and below earner. The departments represented included Finance (30%), Food and beverage (22.5%), Housekeeping (15.8%), Front Office/Reservation (10.8%), an equal respondent between Engineering, HR, IT and Admin (5.8), Sales (5%) and the least Security (4.2%). Position-wise, rank-and-file employees constituted the majority (67.5%), while supervisors (25%) and managers made up 7.5%. Years of service revealed that most respondents had 2 - 5 years of experience (52.5%), followed by 1 year or less (23.3%), 6 – 10 years (12.5%) 11 – 20 years and above (10%) and a small percentage had combined years of experience, such as 1 year or less and 2 to 5 years (0.8%) or 2 to 5 years and 6 to 10 years (0.8%). By highlighting the varied hotel employees in Cebu City, these profiles offered insightful information about how compensation benefits driven employee performance across various demographic groups.

The compensation benefits of Cebu hotel industry

The study examined three key components of compensation benefits: direct financial compensation, indirect financial compensation, and non-financial compensation. The statistical result revealed that direct financial compensation (e.g., salaries, incentives, bonuses) had a combined mean score of 2.74 and a standard deviation of 0.759, interpreted with a likert scale as neutral. The respondents indicated that although employees recognized their compensation benefits, they did not perceive them as highly motivating or fulfilling enough to significantly enhance their engagement or performance level. Respondents expressed their perception of indirect financial compensation benefits (e.g., health insurance, retirement, life insurance, paid leave) which resulted in a mean score of 3.22 with a standard deviation of 0.717 that indicated a neutral response. The result showed that there was potential for improvement in indirect financial compensation, specifically in regard to the hotel's health insurance and retirement programs, and even leave days to balance work and life. Meanwhile, the non-financial compensation (e.g., recognition, career growth, opportunities, and work environment) outcome survey yielded 3.20 mean score with a standard deviation of 0.763, interpreted as neutral on the likert scale. A supportive work environment and recognition are two advantages of non-financial compensation that employees appreciated, but there is always room for improvement in areas like work-life balance, professional advancement possibilities, and organized recognition programs.

The level of hotel employee performance

In the perspective of the AMO Theory, the survey results showed that compensation benefits had impact on employee performance in hotels in Cebu City. A mean score of 3.86 with a standard deviation of 0.699 was obtained for the "Ability" category, indicating an overall "Agree" interpretation. This implied employees believed they could carry out their responsibilities, meet performance goals, and understand capable of carrying out their responsibilities, meeting performance goals, and understanding job requirements. Even while some elements such as training opportunities needed improvement, the continuously high agreement across other variables highlighted a general sense of work proficiency and capability among respondents. The mean score for the "Motivation" dimension mean was 3.35 with a standard deviation of 0.809 falling into the "Neutral" interpretation.

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This indicated that although employees asserted that they were motivated by certain aspects of their jobs, such as interesting assignments, encouragement from superiors, and recognition, the impact of compensation benefits on motivation was still neutral. Although the current motivating factors were reasonably effective, the outcomes showed that by better adjusting compensation plans to the requirements and expectations of employees, motivation could be further increased. Employees had a "Neutral" perception of the "Opportunity" dimension, with a mean score of 3.27 and standard deviation of 0.765. In response to the analysis, respondents had mixed assessments, respondents acknowledged moderate levels of workplace autonomy and environmental support, their views regarding career advancement opportunities, managerial engagement, and promotion policies remained neutral. Strategic approaches including creating clear promotion criteria, creating frameworks for career advancement, and putting in place reliable employee feedback systems would be especially beneficial in enhancing hotel's opportunity perceptions.

The significant relationship between the compensation benefits and the employee work performance in Cebu's Hotel Industry

The main hypothesis of the study was confirmed by the regression analysis, which revealed a significant relationship between employee performance and compensation benefits in Cebu City's hotel industry. Findings indicated that while financial compensation mattered, indirect financial compensation and non-financial compensation improved employees' self-perceived abilities with a greater effectiveness. In connection, the analysis highlighted the impact of different types of compensation in relation to employee motivation. A non-financial compensation benefits and indirect compensation benefits also considerably increased motivation more than direct financial compensation, as revealed by the regression analysis. This finding showed that although financial compensation might have been an essential element for motivation and fulfilling basic needs, employee perceived did not perceive it as strong motivator to surpass performance goal. In addition, a non–financial compensation that includes career advancement, recognition, and positive work environment most primarily impacted employees' perception of opportunity. Financial compensation benefits had less of an immediate effect on how opportunities were perceived, even though they remained necessary for fundamental necessities.

Conclusions

The empirical findings from the study emphasized that compensation benefits significantly drove employee performance in Cebu's hotel industry, though their impact varied by type of compensation benefits (financial compensation, indirect financial compensation, and non-financial compensation). Both the Equity theory and the AMO theory were clearly affirmed by the results, which proved their significance in understanding that effective compensation benefits drove hotel employees' performance. Highlighted that hotel employee motivation and productivity greatly increased when they believed their compensation was equitable and associated with their accomplishments.

Recommendation

In light of the findings and conclusions drawn from this study, the researcher proposes an important recommendation:

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Recommendation on Compensation Plan:

In light of the study's findings, hotels in Cebu City are encouraged to analyze and potentially implement the researcher's recommendations concerning compensation plans to improve employee retention and motivate high performance. It emphasized and gave higher priority to non-financial compensation by offering career advancement opportunities such as internal promotion privilege, seminars and cross-trainings, and recognition (employee of the quarter and year). Maintaining competitive financial compensation, such as the implementation of a retention bonus, an incentive program based on performance, and offering indirect financial compensation benefits such as health insurance covering dependents and retirement, is still important, even when non-financial compensation is the priority. Hotel employees will be certain to feel appreciated and motivated by a combined approach that includes health and wellness programs, customized rewards based on employee input, and transparent communication, which fosters both individual development and hotel achievement. Transparent, equitable, and performance-linked benefits should be implemented by management due to the substantial impact that compensation has on performance, which is supported by both the AMO and equity theories. Hotel employees who perceive their compensation benefits as equal would demonstrate higher engagement, increase motivation levels, and reduce turnover intentions.

VII. FIGURES

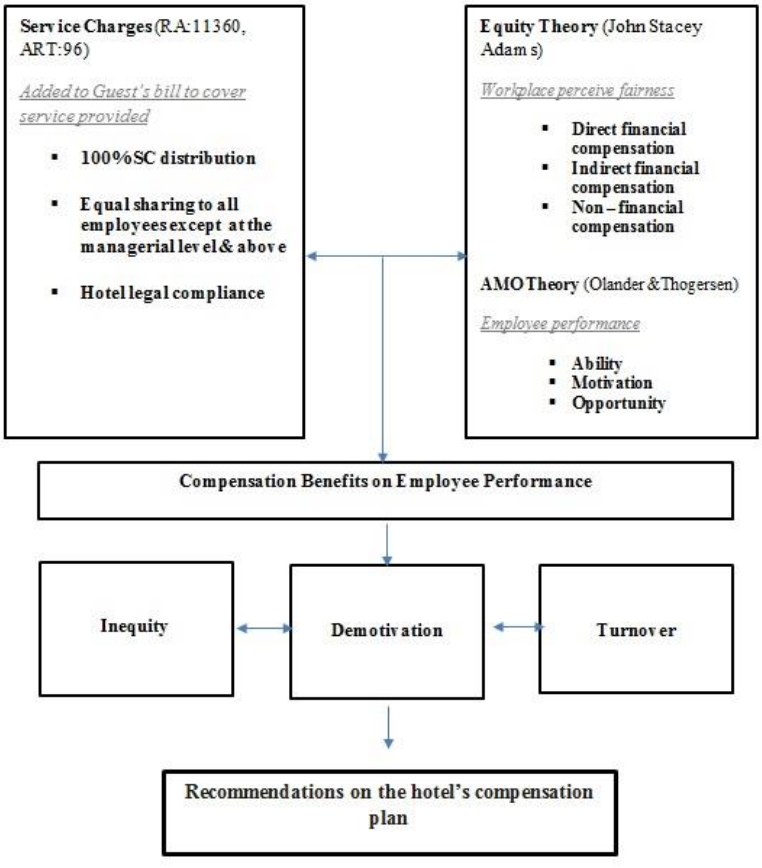

Figure 1. **Theoretical Conceptual Framework of the Study**

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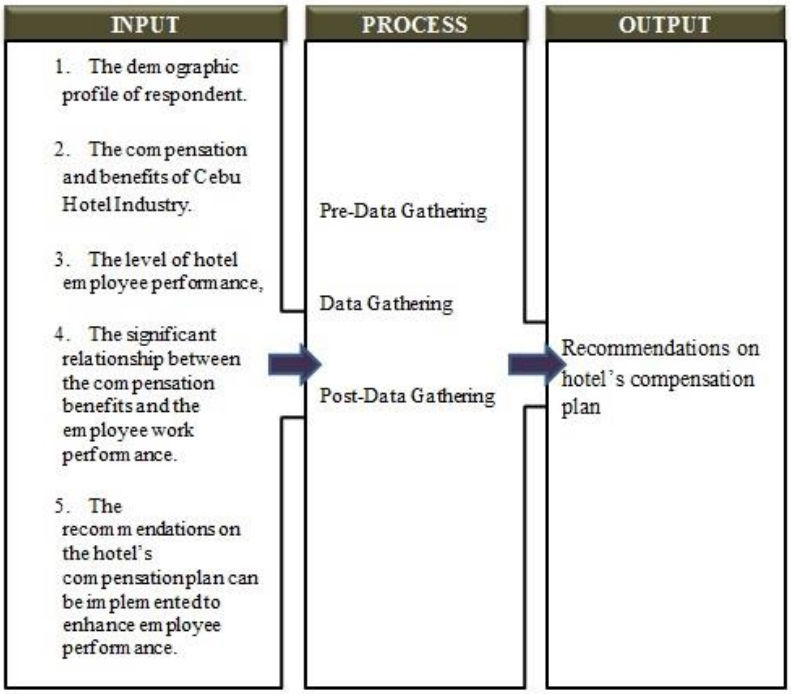

Figure 2. **Flow of the Study**

Figure 3. **Local Map of the Study**

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