

The Impact of Pay Dispersion on Employee Commitment: A Study of Selected Hotels in Port Harcourt, Nigeria

¹Duke-Andrews, Linda C. & ²Obiora, Judipat N.

^{1&2}*Department of Hospitality and Tourism Management
University of Port Harcourt, Rivers State*

Article DOI: 10.48028/iiprds/ijarppads.v6.i1.14

Abstract

This study investigated the impact of pay dispersion on employee commitment in the context of selected hotels in Port Harcourt, Nigeria. The primary objective was to examine how variations in pay among employees affect their levels of affective, continuance, and normative commitment. This study adopted a quasi-experimental research design to explore the impact of pay dispersion on employee commitment. A sample of 15 hotels in Port Harcourt was conveniently selected for the study, with a population of 500 employees. The Taro Yamen sampling size formula was employed to ensure a representative sample size of 222. Data analysis was conducted using 189 copies of duly completed questionnaire. The study revealed a significant relationship between pay dispersion and employee commitment. Specifically, pay dispersion was found to have a substantial impact on affective, continuance, and normative commitment among hotel employees in Port Harcourt. The findings underscore the importance of pay structure in shaping employee commitment within organizations, particularly in the hotel industry. Effective pay dispersion strategies can positively influence employees' emotional, calculative, and moral commitment to their organizations. Based on the study's results, it is recommended that hotel managers in Port Harcourt should consider designing more equitable pay structures to enhance employee motivation and commitment. Additionally, incentivizing employees for accomplishing important tasks can further strengthen their commitment levels. These strategies are likely to contribute to a more dedicated and engaged workforce, ultimately benefiting organizational performance and success.

Keywords: *Pay dispersion, Organizational commitment, Affective commitment, Continuance commitment, Normative Commitment*

Corresponding Author: Duke-Andrews, Linda C.

Background to the Study

The hotel sector plays a crucial role as a service provider within the broader tourist industry, as it is essential for the supply of various other tourism services. The provision of housing is of utmost importance for tourists, thus necessitating the hotel business staff to possess comprehensive training, a high level of enthusiasm, and strong motivation to effectively cater to the needs and demands of travelers (Orfila-Sintesa et al., 2005). Employee commitment plays a crucial role in driving performance, as it serves as the primary catalyst for enhancing individual and collective performance within an organization. The degree of commitment exhibited by employees is currently seen as a fundamental attribute in contemporary enterprises. Meyer et al. (2012) provided an all-encompassing definition of commitment, giving equal weight to its affective, long-term, and normative features. According to research by John, et al. (2010), Dernovsek (2008), and Zhenget (2010), "employee commitment" describes an employee's level of devotion to their workplace. In addition, Tzafrir and Baruch (2005) defined employee commitment as "an individual's psychological engagement with an organization, including a feeling of inclusion, a sense of responsibility towards the organization's objectives, and a willingness to confront challenges.

Due to the crucial role of committed personnel in establishing and maintaining competitive advantage and achieving exceptional performance, commitment has garnered considerable scholarly attention over the course of time (Akintayo, 2010; Tumwesigye, 2010). According to Okpu and Obiora (2015), employee dedication plays a vital role in enabling firms to maintain competitiveness in the global tourist sector and attain their long-term objectives. The observation has been made that employee commitment contributes to the creation of a more conducive work environment, heightened motivation, and enhanced productivity. According to Tumwesigye, (2010), one of the factors that fuels commitment in an organization is the remuneration strategy put in place to meet the actual input of the working force. Disparity in wages/ salary even while attending to same work description can cause disaffection from some workers, hence understanding the role of pay disparity/ dispersion and its implantation becomes useful to management.

The compensation framework of an organization serves as the mechanism via which the organization operationalizes its pay philosophy. The two most prevalent pay structures are internal equity and market pricing. Internal equity involves the use of a carefully designed grid to ensure that each job is compensated in a manner that is commensurate with its position in the organizational hierarchy. On the other hand, market pricing involves the alignment of each job within an organization with the prevailing market rate. Internal equity is a compensation strategy that uses a grid system to ensure that each job is remunerated in a manner that is commensurate with the positions that rank higher or lower in the organizational hierarchy. (Blau & Kahn, 2003; (Milkovich & Newman, 2008) The pay structure of an organization is commonly understood as the spectrum of remuneration rates provided for different job classifications, skill sets, and/or levels of employee performance within that business.

The level of volatility in the hospitality industry is aggressively on high side and it is widely recognized that in order for organizations to achieve optimal performance in the current competitive landscape, it is imperative for every employee to demonstrate unwavering dedication to the organization's objectives and effectively collaborate as a cohesive team. One of the factors that fuels commitment is compensation. When employees are not adequately compensated, it leads to lack of motivation which in turn can result to low performance and when there is low performance it has a negative bearing on the organizations performance and productivity. Another issues discovered that has contributed to employee commitment study are the issues of job dissatisfaction and remuneration discrepancy. Job dissatisfaction and remuneration disparity can lead to lack of motivation and labor turnover and this happens when employees see that their remuneration does not match their input.

Numerous studies have been conducted in this regard in different climes such as Prakash (2018) study on employee commitment within the banking sector of Nepal, Soelistya and Mashed (2016) study in Indonesia on pay incentives and commitment, Fornes and Rocco (2004) study on workers emotional engagement and productivity in the United States. The results of these studies revealed that employee commitment in an organization has a significant influence on the chances the performance and productivity of the organization.

Despite the extensive body of knowledge and the dedication of employees, there is a lack of actual evidence about the impact of pay dispersion. Many research mostly engage in speculation and have a restricted connection (Omolayo and Owolabi, 2007). Therefore, the primary objective of this study is to investigate the correlation between pay dispersion and employee commitment in selected hotels in Port Harcourt, Rivers State.

Theoretical/Literature Review

Theory of Equity

Stacy Adams is credited with popularizing the concept of equity theory in 1976. According to this theoretical framework, many forms of remuneration schemes are designed with the aim of attracting, retaining, and motivating individuals. The primary purpose of any wage system should be the pursuit of justice or equity. Cascio (2006), posits that the evaluation of equality has three distinct dimensions: internal equity, external equity, and individual equity. Based on the conclusions drawn from initial research, it can be posited that the presence of unfair treatment has a discernible impact on both the conduct and productivity of individuals within an organizational setting.

The concept prioritizes the critical role of organizational justice in influencing employee performance outcomes. The extent to which employees perceive equitable treatment from their bosses significantly influences their level of organizational engagement. Diverse remuneration frameworks for distinct employee hierarchies can potentially exert either a motivating or demotivating influence on individuals, so impacting their perception of equitable treatment. Consequently, conducting an empirical examination

of this hypothesis will contribute to the comprehension of the impact of pay distribution on the determination of employee loyalty within the hotel sector in Port Harcourt.

According to the prospect theory proposed Tversky and Kahneman (1992), individuals assess outcomes by comparing them to a certain reference point. Based on the research conducted by Tversky and Kahneman in 1992, it can be observed that the reference point plays a crucial role in differentiating between perceived loss and gain. Based on the findings of Brown and colleagues' (2001) study, it was observed that individuals engage in a process of evaluating their own earnings by making comparisons with the wages of their pay referents. Compensation referents within the organizational context hold significance in the context of our research, as our study aims to examine the perceived disparity in salaries inside a corporation. According to the research conducted by Deckop (1992), it is advisable for employees to consider both vertical and horizontal salary referents. The term "simultaneous consideration of pay" is employed to describe the perception of employees regarding disparities in remuneration within an organization, encompassing both vertical and horizontal dimensions.

Divergent results have been drawn by scholars in the extant literature regarding the manner in which individuals assess wage comparisons in relation to their own pay referents. The current issue at hand pertains to the discrepancy between behavioral and economic perspectives in relation to the correlation between perceived income disparity and work satisfaction, as expounded upon by Luttmer (2005). The focus of the discourse pertains to the prospective correlation existing between the aforementioned variables. One crucial consideration is the existence of empirical evidence that supports a negative correlation between income inequality and job satisfaction or job enjoyment (Card, Mas, Moretti, & Saez, 2011).

Pay Dispersion

The word "pay structure" inside an organization can instead be understood as the methodical methodology utilized by the corporation to enact and supervise its remuneration philosophy. Internal equity and market pricing are the two most commonly seen pay structures. Internal equity refers to the practice of utilizing a well-defined framework to ensure that each job is remunerated in a just manner relative to the roles situated both above and below it inside a hierarchical arrangement. On the other hand, market pricing establishes a connection between each job within an organization and the prevailing market rate for similar positions. Internal equity is a compensation strategy that uses a grid system to ensure that each job is remunerated in a manner that is commensurate with the positions that rank higher or lower in the organizational hierarchy. Milkovich and Newman (2008) assert that pay structure policies in hierarchical pay distributions typically encompass multiple levels, tiers, and substantial differentials in compensation. Pay structures are utilized to determine precise remuneration rates for specific occupations, often determined by the nature of the occupation, the job's responsibilities, and the employment prerequisites. A pay structure refers to the organizational framework that determines the compensation for different occupations or

job groups within an organization. The establishment of this framework is facilitated through the implementation of a remuneration system.

For employees to gain a comprehensive understanding of their roles and responsibilities within an organization, it is imperative for the corporation to disseminate comprehensive job descriptions for each position. A pay structure facilitates the identification of employee roles, delineation of their respective responsibilities, and the rationale for differential compensation. Furthermore, it offers support to human resources personnel in the equitable implementation of a specific compensation philosophy. As an example, an organization may opt to remunerate its entire workforce at the prevailing market rate. Conversely, it may choose to compensate specific employees at the market rate while offering a higher rate to others.

Vertical Pay Dispersion

Shaw (2014), defines "vertical dispersion" as the allocation of compensation across various hierarchical levels within an organization. The presence of a substantial wage discrepancy among various hierarchical positions within a company signifies the existence of pronounced vertical pay dispersion. Downes and Choi (2014) define job hierarchy as a notion that primarily pertains to the "slope" of the remuneration framework inside an organization. This implies that pay structures with more incline demonstrate a greater degree of vertical dispersion compared to structures with lesser incline (i.e., more compressed structures). Bloom and Michel (2002) argue that the presence of an appropriate degree of vertical pay dispersion is crucial for effectively attracting, retaining, and motivating high-achieving employees. However, it's worth noting that a vertical wage gap might make lower-level employees feel mistreated (Pfeffer & Langton, 1993; Bloom, 1999). Adams (1965), Walster et al., (1973), and Homans (1974) put out an equity theory that determines fairness by contrasting the efforts of individuals with the results they achieve. However, Cowherd and Levine (1992) discovered that discrepancies in outcomes, rather than differences in inputs, had the most significant influence on employees' perceptions of equity. When incomes are allocated in a hierarchical manner and the differences in remuneration are linked to different job levels, it is reasonable to predict that the propensity to seek employment elsewhere will diminish (Devaro, 2006; Milkovich, Newman, & Gerhart, 2014). This assertion is substantiated by a substantial corpus of evidence.

Horizontal Dispersion

On the other hand, it is important to note that horizontal wage discrepancy arises among individuals occupying similar positions (Shaw, Delery, & Gupta, 2002; Yanadori & Cui, 2013). This disparity has consistently been associated with increased levels of external mobility, as evidenced by prior studies. It is expected that these processes will predominantly occur where there is horizontal pay inequality. This assertion is based on the belief that horizontal salary inequality is more prone to generating expensive comparisons and indicating restricted opportunities for career progression (Castanias & Helfat, 1991, 2001; Elfenbein et al., 2010; Zenger, 1992). Various reasons can potentially

motivate an individual to actively seek out work possibilities that offer more advantageous conditions (Hyll & Stark, 2011; Adams & Freedman, 1976). Due to their similarity in abilities, proximity in location, and general social similarity, people of the same social status are frequently used as social references. For instance, they perform identical jobs and functions, are co-located, and share similarities in terms of age or tenure. This phenomenon can be attributed to the close physical proximity, such as being co-located, and the social comparability, such as similarity in age. Additional evidence suggests that employees consult colleagues at the same organizational level when assessing their own performance or the fairness of their salary (Feldman & Ruble, 1981; Gibson & Lawrence, 2010).

Horizontal pay differences are indicative of reduced certainty and predictability in terms of advancement opportunities, which in turn increases the likelihood of employees voluntarily or involuntarily leaving their current workplace. The reason for this is that horizontal disparities in salary indicate a reduced level of certainty and predictability in terms of opportunities for career progression. For example, in the presence of horizontal income inequality, a significant number of workers may experience a strong motivation to seek out employment opportunities that are more attractive and more aligned with their skills and interests. This inclination is particularly pronounced due to the limited prospects for career progression inside their current jobs.

Affective Commitment

Emotional involvement, attachment, and engagement in corporate life are all instances that may be categorized as affective commitments shown by workers. Employees that possess a profound sense of attachment to their organization are more inclined to exhibit discretionary effort in their job, hence enhancing their likelihood of exhibiting long-term commitment to the company. Affective commitment pertains to an individual's emotional attachment to an organization, characterized by the display of enthusiasm and a feeling of obligation towards maintaining their employment within the firm, as seen by the collective constituents of the organization. According to Beck and Wilson (2000), workers have a strong emotional connection to their employer due to the interpersonal rapport they have established inside the firm, which aligns with the company's goal and values. According to Morrow (1993), the term "affective employee commitment" refers to the positive sentiments that an employee has towards their firm. According to Mowday, Porter, and Steers (1982), the level of an individual's identification and emotional commitment to a certain organization is a significant factor in determining the quality of the connection. Affective employee commitment refers to the capacity of an organization, regardless of its size, to effectively address the unique needs and expectations of its members based on their actual experiences. Meyer and Allen (1997) found that the organization exhibited a strong commitment to fulfilling various responsibilities, such as addressing challenges, ensuring clarity of roles and goals, and overcoming objective obstacles.

Continuance Commitment

The term "continuance commitment" refers to the awareness of the potential consequences associated with resigning from a job. This notion is characterized by a distinct nomenclature. The concept of "continuance commitment" is often defined as an individual's inclination to stay with an organization due to nontransferable investments. These investments can include strong interpersonal connections with colleagues, investments made towards retirement and career development, as well as job-specific skills that are unique to the organization in question.

According to Meyer and Allen (1991), individuals who maintain their affiliation with an organization primarily due to their ongoing commitment do so because they perceive it as essential. A differentiation is established between the concepts of tenacity and affective commitment. The aforementioned view implies that the individuals affiliated with the organization remain present of their own volition. According to Romzek (1990), the commitment of an individual to continuous education might be characterized as a transactional relationship. According to his perspective, the valuation employees assign to the organization is contingent upon the services they render and the potential financial gains they anticipate from continued employment. Meyer and Allen (1984) suggest that the concept of continuous commitment entails a thorough assessment of an individual's personal investments in relation to their present employment situation and the possibility of alternative employment opportunities.

Beck and Wilson (2000), propose that continuity commitment can be understood as a pragmatic connection to an organization, where an individual's engagement is determined by the financial rewards they receive. According to Best (1994), the strength of continuing commitment is positively correlated with the scarcity of alternatives and the magnitude of investments. This line of reasoning provides support for the notion that individuals are likely to depart from a company if they encounter more promising prospects elsewhere.

Normative Commitment

Normative commitment is an extra component within the paradigm of organizational commitment. According to Meyer and Allen (1997), normative commitment may be seen as an individual's own recognition of a moral or ethical duty to continue in their current professional position. According to Allen and Meyer (1990), people's desire to keep their membership within an organization is influenced by their feeling of obligation and duty towards the institution. The experience of compulsion serves as the driving force behind people's choice to sustain their membership. As per the theoretical paradigm put out by Meyer and Allen (1991), persons exhibiting normative commitment tend to have an increased sense of moral obligation to maintain their association with the organization. When seen from a normative perspective, individuals make the decision to remain employed based on a sense of obligation or a want to conform to society norms and expectations.

In their seminal research, Wiener and Vardi (1980), performed an investigation to explore the concept of normative commitment as a behavioral expression that is shaped by a deep sense of duty, responsibility, and loyalty towards the organization. The notion presented above is based on the empirical study done by Wiener and Vardi (1980). According to Iverson and Buttigieg (1999), the manifestation of people' commitment to an organization is influenced by the ethical issues that are deeply ingrained in its culture. According to Suliman and Iles (2000), the existence of specific norms that create reciprocal obligations between the organization and its members is a determining factor for normative organizational commitment.

According to Meyer and Allen (1991), the moral obligation being discussed is believed to emerge through socialization processes that take place either within the larger society or inside the particular organizational setting. When an employee is provided with a benefit, it gives rise to a moral obligation for either the individual or the firm to respond with empathy. The moral obligation being examined in this particular circumstance is based on the principle of reciprocity, which forms the underlying foundation in both of these instances.

Empirical Review

Vertical Pay Dispersion and Affective Commitment

Normariati and Tantri (2018), carried out research with the objective of examining the possible relationship between vertical pay dispersion, organizational loyalty among workers, and their desire to quit the firm. The primary aim of this research was to investigate the association between workers' intentions to leave their jobs and their earnings, taking into consideration their level of commitment to the firm. The study's results indicate a positive association between an employee's level of work satisfaction and the amount of monetary remuneration they get. Consequently, a diminished level of organizational commitment is associated with a reduced intention to depart from an organization, indicating a lack of emotional attachment among members. In order to facilitate the research, a total of 205 individuals employed in 14 distinct banking institutions were surveyed using a structured questionnaire that did not permit the provision of open-ended answers.

The objective of the research done by Luis and Rusli (2017) was to investigate the correlation between monetary remuneration and organizational commitment in the banking sectors of Malaysia and Mexico. The research was centred on the banking sector. A hypothesis was formulated suggesting that the various economic payment systems for bank employees across different countries, including salary, bonuses, and vertical pay, are all associated with an equivalent level of labour commitment. The study employed a comparable data collection procedure in both the Mexican and Malaysian studies, and subsequently, the obtained results were compared. The initial results indicated that the Malaysian technique, when applied in the Mexican setting, demonstrated reliable and valid outcomes consistently. Furthermore, the study revealed that the implementation of Mexico's strategy to enhance bankers' pay, bonuses, and vertical mobility may contribute to organizational affective commitment, albeit not to the anticipated degree.

Vertical Pay Dispersion and Continuance Commitment

Nawab and Bhatti (2011) believe that the implementation of a vertical compensation system yields a favorable and noteworthy effect on employees' commitment to remain employed by the organization. In relation to persistent dedication, the study conducted by Paik, Yongsun, Parboteeah, and Sim (2007), revealed a significant and favorable association between the remuneration obtained by Korean expatriate workers and the wages earned by local employees in Mexico. Nevertheless, the researchers did not discover any correlation in relation to affective commitment. Based on the research conducted by Anvari Amin, Ungku, Seliman, and Garmsari (2011), it has been found that there exists a noteworthy beneficial association between the implementation of vertical pay disparity techniques and the level of commitment exhibited by employees. This association holds considerable importance and is commendable.

Umoh, Amah, and Wokocha (2014) performed research to examine the correlation between salary structures and employee retention in Nigerian manufacturing businesses. The primary aim of this research was to investigate the correlation between compensation structures and commitment to continuity within the manufacturing sector of Nigeria. A sample size of 357 persons, chosen randomly, was obtained from a population of 3386 workers working in 31 different industrial firms in Nigeria. In order to get data, they used both a questionnaire and an interview methodology with the participant. A comprehensive evaluation was conducted on a total of 210 questionnaires. The hypotheses were assessed by using Spearman's Rank Correlation. The results indicated that pay structures exhibit a strong reliance on the nature of the economic transaction being conducted and possess limited alternative options. After analyzing the data, the researchers reached the conclusion that pay structures exerted a substantial impact on Continuance Commitment.

Vertical Pay dispersion and Normative Commitment

The purpose of Ngengi's (2017), research was to examine the effects of salary differences in Kenyan county administrations on workers' organizational participation. The targeted persons consisted of a total of 1,430 workers who were employed by the Nakuru county administration and were stationed at its offices. The investigator used a random sampling technique to choose a sample of 143 participants for the investigation. The main methodology used for data collection was the usage of a questionnaire which was administered to a pilot group consisting of fourteen persons who were employed by the county government. The data analysis was performed using the (SPSS) software, specifically version 24. In order to conduct a thorough examination of the data, a mix of descriptive and inferential statistics was adopted. The findings of the study reveal a noteworthy and statistically significant association between vertical pay dispersion and staff commitment within the Nakuru county administration.

Carolina (2019) did research with the aim of examining the influence of economic differences on levels of employee engagement. The research conducted a comprehensive analysis of the relevant academic literature and compiled a selection of 26 scholarly

papers related to the topic. The research determined definitions and conceptualizations of pay dispersion, examined the possible correlation between pay dispersion and commitment, and determined if this correlation has a good or negative impact. The extensive conceptual research on the topic of horizontal and vertical pay dispersion repeatedly showed findings that demonstrate beneficial impacts, hence providing empirical support for the arguments pertaining to tournament-based incentives and considerations of justice and fairness. It is therefore hypothesised that:

Horizontal Pay Dispersion and Affective Commitment

Ngengi, George, and Anthony (2017) conducted research to investigate the impact of compensation differences on organizational commitment within the Nakuru county government in Kenya. They examined link between workers' wage expectations and their degree of commitment to their individual organizations. The message was directed at a target demographic including 1430 county workers. A stochastic sampling technique was used to choose a participant from a population of 143 unique workers. To enhance data collection, a survey instrument with a closed-ended format was used while analysis SPSS. The analysis of the data included the use of descriptive and inferential statistical methodologies. The findings of the regression analysis indicated a significant relationship between workers' horizontal pay expectations and their emotional commitment. The study results indicate that horizontal variables have a substantial role in shaping the level of employee engagement.

Heloza and Luiz (2020), conducted a research investigation that explored the human resource practices and organizational commitment inside a public corporation. The primary aim of this study was to analyze and evaluate the correlation between human resource practices and organizational commitment in a large-scale municipal sanitation corporation that is publicly owned and operated. The research used multiple regression analyses to investigate and confirm the assumptions developed by a representative sample of 349 participants. The findings revealed a significant positive association between a higher degree of agreement with human resource policy on employee perks, anticipated pay, and the process of promotion. The findings of the research also demonstrated that emotional commitment was more often seen among the personnel. The hypotheses were examined via the use of a multiple regression analysis, which unveiled a more robust positive association between human resource practices and emotional commitment in contrast to the association between on-going commitment and affective commitment.

Horizontal Pay Dispersion and Continuance Commitment

Downes and Choi (2013) included an assessment of the reactions of workers towards salary dispersion as part of their research. After the data were obtained from a sample size of 250 people, they were analyzed with the help of Spearman's rank correlation coefficient. According to the findings, persons who hold comparable job descriptions or are at the same level within the organization but receive different incomes feel that the organization is fair toward them despite the fact that the organization does not provide

them with the same amount of compensation. As a consequence of this, they do not believe that it is necessary to continue their relationship with the company.

Brown, McHardy, McNabb, and Taylor (2011) conducted a study in which the primary emphasis was placed on analyzing workplace performance in relation to worker commitment and loyalty. Their analysis was based on data collected from the 2004 UK Workplace and Employee Relations Survey. These data were matched on an employer-employee level. According to the findings of the study, workers have a strong need for fair treatment in terms of the chances and rewards available to them, particularly when compared to their colleagues who have comparable job duties.

Horizontal Pay Dispersion and Continuance Commitment

The research conducted by Saleem (2011) examined the impact of varying income levels on the amount of commitment shown by employees. Bahawalpur accommodates a labor force including 100 individuals engaged in several financial institutions, encompassing Islamic banks, microfinance banks amongst others. The workforce is composed of 71 male workers and 29 female employees. The data in this study was obtained by the use of a Likert scale questionnaire, and the sampling methodology employed was random sampling. The use of linear regression was deemed as the preferred approach for examining the association between horizontal remuneration within the banking sector and employee commitment. In contrast, the results revealed a large and statistically meaningful correlation between financial incentives and employee dedication.

The research undertaken by Akintayo (2010) aimed to explore the pay structures and worker retention rates across industrial enterprises in Nigeria. The major purpose of this research was to analyze the pay structures and levels of employee involvement within the banking sector in Nigeria. A research study was undertaken in Nigeria, concentrating on 51 industrial enterprises employing a total of 2386 workers. A total of 357 persons were chosen at random from the public to participate in the inquiry. To gather data, a hybrid technique was adopted, which involved delivering a questionnaire and conducting a face-to-face interview with the participant. A total of 110 surveys were gathered and then allocated unique ratings. The hypotheses were evaluated by the application of Spearman's Rank Correlation. The study demonstrates a considerable association between pay schemes and the financial attachments of persons within the workforce. The researchers have deduced that employee commitment is greatly impacted by remuneration systems, as shown by their analysis of the collected data.

From the foregoing paragraphs, it is therefore hypothesized that:

- H₀₁:** There is no significant relationship between Vertical pay dispersion and employee's affective commitment in Rivers State hotels.
- H₀₂:** There is no significant relationship between Vertical pay dispersion and employees' continuance commitment in Rivers State hotels.
- H₀₃:** Vertical pay dispersion has no significant relationship with normative commitment in Rivers State hotels.

- H₀₄: Horizontal pay dispersion has no significant correlation with affective commitment of employees in Rivers State hotels.
- H₀₅: Horizontal pay dispersion and employee's continuance commitment has no significant relationship as regards to in Rivers State hotels
- H₀₆: There is no significant relationship between Horizontal pay dispersion and employee's normative commitment in Rivers State hotels.

Methodology

The research design functions as a conceptual framework that guides the systematic gathering and examination of data (Bryman and Bell, 2011). For the present study, cross-sectional research design was adopted. The study included a sample of 15 operational hotels located in Port Harcourt, which were considered representative of the whole population for the research. The sample size of 222 employees was determined mathematically using the Taro Yamane's formula, from a population of 500 employees. Primary and secondary data were collected through a well-structured closed ended questionnaire with four-point Likert scale. The reliability of the instruments was assessed using the Cronbach Alpha test, with the support of the Statistical Package for Social Sciences (SPSS, 23.0). 189 duly completed copies of questionnaire were used for data analysis. The findings of the reliability analysis conducted showed the following values; vertical dispersion, .967, horizontal dispersion, .982, affective commitment, .970, continuance commitment, .982 and normative commitment, .977. The Pearson correlation coefficient was employed as an analytical technique to examine hypotheses one to six, as it allows for the assessment of the magnitude and direction of the relationship between the independent and dependent variables.

Results and Discussion of Findings

Table 1: Test of impact of Vertical pay Dispersion on Affective Commitment

		Correlations	
		Vertical pay Dispersion	Affective Commitment
Vertical pay Dispersion	Pearson	1	.901**
	Correlation		
	Sig. (2-tailed)		.000
	N	189	189
Affective Commitment	Pearson	.901**	1
	Correlation		
	Sig. (2-tailed)	.000	
	N	189	189

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Computation, 2023.

The Pearson correlation coefficient was found to be 0.901, indicating a strong positive correlation. The p-value (two-tailed) was determined to be 0.000, suggesting that the observed correlation is statistically significant. Given that the obtained p-value of 0.000 is

less than the predetermined significance level of 0.05, it is therefore appropriate to reject the null hypothesis and instead adopt the alternative hypothesis.

Based on the results presented in the table 1 above, a substantial positive correlation coefficient ($r = 0.901$) has been observed between vertical pay dispersion and Affective Commitment. The coefficient of determination, shown as $r^2 = 0.82$, indicates that about 82% of the variability in Affective Commitment can be explained by vertical pay dispersion, leaving the remaining 18% to be influenced by other variables. The statistical significance of the p-value being less than 0.05 ($p < 0.05$) suggests the existence of a significant association. The study done yielded statistically significant results, leading to the rejection of the null hypothesis. This observation implies that there is a significant association between the degree of vertical pay dispersion and the level of emotional commitment. This is consistent with the research conducted by Normariati and Tantri (2018), which posits that the level of employee satisfaction is strongly associated with their salary, resulting in less organizational engagement and an increased probability of turnover. The confluence of these characteristics combined signifies a deficiency in emotional affinity shown by workers towards the firm. Therefore, the importance of pay dispersion in connection to organizational success cannot be emphasized enough. The research findings indicate that the service industry is marked by high levels of rivalry among businesses to attract customers. Consequently, owners and managers are required to improve the employee pay distribution system as a means to reduce staff turnover. This remark is consistent with the findings reported by Luis and Rusli (2017). Further corroborating evidence for these assertions may be found in a research undertaken by Greenberg and Baron (2003). The findings of their study suggest that workers who demonstrate more effort in terms of performance and devotion are more inclined to voluntarily quit or resign from their professions if they do not get enough compensation and financial motivation. The researchers proposed that employees who are remunerated with a higher income would have a decreased propensity to voluntarily terminate their current work.

Table 2: Test of impact of Vertical pay Dispersion on Continuance Commitment

		Correlations	
		Vertical pay Dispersion	Continuance Commitment
Vertical pay Dispersion	Pearson Correlation	1	.991**
	Sig. (2-tailed)		.000
	N	189	189
Continuance Commitment	Pearson Correlation	.991**	1
	Sig. (2-tailed)	.000	
	N	189	189

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Computation, 2023.

Based on the obtained findings, the Pearson Correlation Coefficient is determined to be 0.991, indicating a strong positive correlation. Additionally, the P-value (two-tailed) is reported to be 0.000, suggesting a statistically significant relationship between the variables under investigation. Given that the obtained p-value of 0.000 is below the predetermined significance level of 0.05, it follows that the null hypothesis is rejected in favor of the alternative hypothesis.

The results shown in Table 2 illustrate a statistically significant positive correlation coefficient ($r = 0.991$) between vertical pay dispersion and Continuance Commitment. The coefficient of determination, shown as $r^2 = 0.98$, indicates that around 98% of the variability in Continuance Commitment can be explained by vertical pay dispersion, while the remaining 2% may be attributed to other variables. The statistical significance of the value 0.000 ($p < 0.05$) suggests a significant association. The study done yielded statistically significant results, leading to the rejection of the null hypothesis. This observation implies the presence of a significant association between vertical pay dispersion and Continuance Commitment. Umoh, Amah, and Wokocha (2014) assert that the preservation of personnel is of considerable significance for the overall prosperity of firms, as shown by their research on pay structures and retention in Nigerian industrial organizations. The aforementioned discovery aligns with the scholarly investigation carried out by Ngengi (2017), which unveiled a constructive and statistically substantial association between vertical pay dispersion and organizational dedication.

Table 3: Test of impact of Vertical pay Dispersion on Normative Commitment

		Correlations	
		Vertical pay Dispersion	Normative Commitment
Vertical pay Dispersion	Pearson Correlation	1	.991**
	Sig. (2-tailed)		.000
	N	189	189
Normative Commitment	Pearson Correlation	.991**	1
	Sig. (2-tailed)	.000	
	N	189	189

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Computation, 2023.

The aforementioned findings indicate that there exists a positive correlation between Vertical Pay Dispersion and Normative Commitment among hotel employees in Port Harcourt. The Pearson Correlation Coefficient is seen to be 0.534, with a corresponding P-value (two-tailed) of 0.001. Given that the obtained p-value of 0.001 is less than the predetermined significance level of 0.05, it follows that the null hypothesis is rejected in favor of the alternative hypothesis.

Based on the results shown in Table 3, there is a statistically significant positive correlation coefficient ($r = 0.534$) seen between vertical pay dispersion and normative commitment. The coefficient of determination ($r^2 = 0.28$) derived from the analysis indicates that around 28% of the variability in normative commitment can be explained by vertical pay dispersion, while the remaining 72% is influenced by other variables. The p-value found, which is 0.000 ($p < 0.05$), suggests a statistically significant link. Based on the empirical data and rigorous statistical analysis, it was determined that the null hypothesis is incongruent with the available evidence, leading to its rejection. This observation implies the presence of a link, while it is not statistically significant, between vertical pay dispersion and normative commitment. This implies that the workers' degree of dedication to the hotel is not too great, allowing them the autonomy to consider other options that are not heavily impacted by their salary. This result is consistent with the study done by Carolina (2019), which suggested that insufficient execution of pay equality has substantial consequences for employee dedication.

Table 4: Test of Impact of Horizontal Pay Dispersion on Affective Commitment

		Correlations	
		Horizontal Pay Dispersion	Affective Commitment
Horizontal Pay Dispersion	Pearson Correlation	1	.892**
	Sig. (2-tailed)		.000
	N	189	189
Affective Commitment	Pearson Correlation	.892**	1
	Sig. (2-tailed)	.000	
	N	189	189

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Computation, 2023.

Based on the obtained findings, the Pearson Correlation Coefficient is determined to be 0.892, with a corresponding P value (two-tailed) of 0.000. Given that the obtained p-value of 0.000 is less than the predetermined significance level of 0.05, it is therefore appropriate to reject the null hypothesis and instead adopt the alternative hypothesis.

Based on the results shown in Table 4, a statistically significant positive correlation coefficient ($r = 0.892$) is seen between horizontal pay dispersion and emotional commitment. The coefficient of determination, shown as $r^2 = 0.79$, indicates that around 79% of emotional commitment can be explained by horizontal pay dispersion, with the remaining 21% being influenced by other factors. The p-value found, which is 0.000 ($p < 0.05$), suggests a statistically significant link. Based on the facts at hand, the null hypothesis was found to be statistically significant and hence rejected. This finding indicates that there is a limited and statistically negligible relationship between horizontal pay dispersion and emotional commitment. Heloza and Luiz (2020) who did a

research that investigated the correlation between human resource practices and organizational commitment in a public company. The results of their study suggest that workers exhibited a higher incidence of emotional commitment.

Table 5: Test of impact of Horizontal Pay Dispersion on Continuance Commitment

Correlations			
		Horizontal Pay Dispersion	Continuance Commitment
Horizontal Pay Dispersion	Pearson Correlation	1	.982**
	Sig. (2-tailed)		.000
	N	189	189
Continuance Commitment	Pearson Correlation	.982**	1
	Sig. (2-tailed)	.000	
	N	189	189

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Computation, 2023.

The obtained result indicates that the Pearson Correlation Coefficient is 0.982, with a corresponding P-value (two-tailed) of 0.000. Given that the obtained p-value of 0.000 is less than the predetermined significance level of 0.05, it is therefore appropriate to reject the null hypothesis and instead adopt the alternative hypothesis. This suggests that there exists a significant correlation between Horizontal Pay Dispersion and the Continuance Commitment of hotel employees in Port Harcourt.

The results shown in Table 5 indicate a statistically significant positive correlation coefficient ($r = 0.982$) between horizontal pay dispersion and Continuance Commitment. The obtained coefficient of determination ($r^2 = 0.96$) indicates that about 96% of the variability in Continuance Commitment can be explained by horizontal pay dispersion, while the remaining 4% can be attributed to other variables. The calculated p-value of 0.000, which falls below the specified significance threshold of 0.05, suggests a statistically significant association. Based on the available empirical evidence, it was determined that the null hypothesis was incongruent with the observed facts, leading to its rejection. This observation implies that a significant association may be seen between horizontal pay dispersion and Continuance Commitment. This assertion is consistent with the conclusions made by Ngengi (2017), who posited that there is a notable and favorable correlation between horizontal wage disparity among staff members and their level of dedication to the county government of Nakuru.

Table 6: Test of impact Horizontal Pay Dispersion on Normative Commitment

		Correlations	
		Horizontal Pay Dispersion	Normative Commitment
Horizontal Pay Dispersion	Pearson Correlation	1	.758**
	Sig. (2-tailed)		.000
	N	189	189
Normative Commitment	Pearson Correlation	.758**	1
	Sig. (2-tailed)	.000	
	N	189	189

** . Correlation is significant at the 0.01 level (2-tailed).

The aforementioned findings indicate a significant correlation between Horizontal Pay Dispersion and the frequency of customers' return visits to hotels in Port Harcourt. The Pearson Correlation Coefficient is determined to be 0.758, with a corresponding P-value (two-tailed) of 0.000. Given that the p-value of 0.000 is below the significance level of 0.05, it follows that the null hypothesis is rejected and the alternative hypothesis is accepted.

The results shown in Table 6 illustrate a statistically significant positive correlation coefficient ($r = 0.574$) between horizontal pay dispersion and normative commitment. The coefficient of determination, represented by the symbol $r^2 = 0.57$, indicates that about 57% of the variability in Continuance Commitment can be explained by horizontal pay dispersion, with the remaining 43% being influenced by other variables. The statistical significance of the value 0.000 ($p < 0.05$) suggests a significant correlation. After analyzing the collected data and doing statistical tests, it was determined that the null hypothesis is not supported by the evidence and hence rejected. This observation indicates the presence of a significant association between horizontal pay dispersion and Continuance Commitment. The findings of this study are consistent with the research done by Saleem (2011), which proposed that the distribution of income within an organization has a significant impact on employee behavior, specifically in terms of their commitment to the company.

Conclusion and Recommendations

The present analysis and its subsequent findings suggest that pay dispersion, when effectively constructed, can influence employee commitment, in accordance with the theoretical framework of fairness. This paradigm asserts that compensation systems should be designed to attract, retain, and motivate workers. The managers overseeing hotels in Port Harcourt should create and execute remuneration schemes that are capable of providing incentives to employees, so motivating them to actively participate in their tasks and exhibit their highest level of commitment. Given the notable staff turnover rate prevalent in the tourist and hospitality industry, coupled with the considerable costs associated with recruitment, it is recommended that managers prioritize the

implementation of incentives or augment existing ones to effectively retain experienced and proficient employees. This discovery is consistent with the statement made by the fairness hypothesis, which posits that individuals who get compensation below their reference point are prone to experiencing discontentment and may consider resigning from their current role in pursuit of more favorable prospects. In the event of such turnover, the hotel will encounter heightened competition and bear the expenses related to the training of a new staff member.

The study thus recommends as follows.

- i. Hotel managers should design and implement better pay structure to keep the employees motivated to optimize their skill.
- ii. The employees should be encouraged with incentives any time they accomplish an important task.

References

- Adams, J. S. (1965). Toward an understanding of inequity, *Journal of Abnormal and Social Psychology*, 67, 422-36
- Akintayo, D. I. (2010). Work-Family role conflict and organizational commitment among industrial workers in Nigeria, *Journal of Psychology and Counseling*, 2 (1), .1-8
- Albrecht, S. (2010). *Handbook of employee engagement*, Cheltenham, England: Edward Elgar
- Anavari, R., Amin, S., Ungku, A., Seliman, S., & Garmsari, M. (2011). The relationship between strategic compensation practices and affective employee commitment, *Interdisciplinary Journal of Research in Business*, 1(2), 44-55
- Andrew, A, (2017). Employees' commitment and its impact on organizational performance, *Asian Journal of Economics, Business and Accounting*, 5(2), 1-13
- Blau, F. D., & Kahn, L. M. (2003). Understanding international differences in the gender pay group, *American Economic Review*, 21 (1), 106-145
- Bloom, M. (1999). The performance effects of pay dispersion on individuals and organizations, *Academy of Management Journal*, 42(1), 25-40.
- Bloom, M., & Michel, J. G. (2002). The relationships among organizational context, pay dispersion, and among managerial turnover, *Academy of Management Journal*, 45(1), 33-42
- Bragg, T. (2002). Improve employee commitment, *Industrial Management*, 7(8), 18-20.

- Card, D., Mas, A., Moretti, E., & Saez, E. (2011). *Inequality at work: The effect of peer salaries on job satisfaction*, Working Paper No. 16396, National Bureau of Economic Research, Berkley.
- Carolina, M. F. (2019). *The impact of pay dispersion on organizational performance*, A Master's Dissertation Department of Human Resources and Organizational Behaviour, Instituto Universitario de Lisboa
- Cascio, W. (2006). *Managing human resources: Productivity, Quality of work life, profit*, New York: McGraw – Hill Irwin.
- Dernovsek, D. (2008). *Creating highly engaged and committed employee starts at the top and ends at the bottom line Credit Union Magazine*, Credit Union National Association, Inc
- Dordevic, B., (2004). Organizational commitment in times of radical organizational changes, *Economics and Organization*, 2(2), 111-117
- Dost, B. M. & Zulfiqar, A. (2011). Impact of employee commitment on organizational performance, *Arabian Journal of Business and Management Review*, 1(3), 87-98
- Downes, P. & Choi, D. (2014). Employee reactions to pay dispersion: A typology of existing research, *Human Resource Management Review*, 24(1), 53-66.
- Downs, C., & Adrian, A. (2004). *Assessing organizational communication: Strategic communication audits*, New York: The Guilford Press
- Heloíza, H. O. & Luiz, C. H. (2020). Human resources practices and employee commitment: Connecting the constructs in a public organization. *Human and Social Management* 21(4), 1-26
- Ivancevich, J. M. (2010). *Human resource management-11th edition*.
- Kahneman, D. & Tversky, A. (1979). Prospect theory: An analysis of decision under risk, *Econometrica*, 47(2), 263-292.
- Kothari, C. (2005). *Research methodology: Methods and techniques*, New Delhi: New Age International (P) Ltd.
- Luis, F. L & Rusli, A. (2017). *Financial compensation and employee commitment: Differences among Mexican and Malaysian Bankers*, University of Malaysia. Compensation & Benefits Review. <https://www.researchgate.net/publication/320950778> retrieved on 20/0/2023

- Luttmer, E. (2005). Neighbors as negatives: Relative earnings and well-being, *The Quarterly Journal of Economics*, 120(3), 963-1002.
- Meyer, J. P., & Allen, N. J., (1997). *Commitment in the workplace: Theory, research and application*, Thousand Oaks, CA: Sage
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment, *Human Resource Management Review*, 1(1), 61-89.
- Meyer, J. P., Allen, N. J., & Smith, C. A. (1993). Commitment to organizations and occupations: Extension and test of a three-component conceptualization, *Journal of Applied Psychology*, 78(4), 538-551.
- Meyer, J. P., Stanley, D. J., Herscovitch, L. & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A metaanalysis of antecedents, correlates, and consequences, *Journal of Vocational Behavior*, 61, 20-52.
- Meyer, J. P., Stanley, D. J., Herscovitch, L., & Topolnytsky, L. (2002). Affective, continuance and normative commitment to the organization: A meta-analysis of antecedents, correlates and consequences, *Journal of Vocational Behavior*, 61, 20-52. doi:10.1006/jvbe.2001.1842
- Milkovich, G. T, Newman, J. M, & Gerhart, B. (2014). *Compensation*, New York: McGraw-Hill. 10th ed.
- Milkovich, G. T., & Newman, J. M. (2008). *Compensation*, Boston: Irwin McGraw Hill
- Milkovich, T. G., & Newman, M. J. (1996). *Compensation*, Chicago: Irwin.
- Mowday, R. T., Steers, R. M. & Porter, L. W. (1979). The measurement of organizational commitment, *Journal of Vocational Behavior*, 14, 224-47.
- Mowday, R. T., Steers, R. M., & Porter, L. W. (1979). The measurement of organizational commitment, *Journal of Vocational Behavior*, 14(2), 224-247. doi:10.1016/0001-8791(79)90072-1
- Nawab, S. & Bhatti, K, (2011). Influence of employee compensation on employee commitment and job satisfaction: A case study of educational sector of Pakistan, *International Journal of Business and Social Science*, 2(8), 25-35.
- Newstrom, J. & Davis, K. (2002). *Organizational behaviour: Human behaviour at work*, 11th edition, New Delhi Tata McGraw - Hill Publishing Company Limited.

- Ngengi, E. K. (2017). *Influence of pay disparities among employees on employee commitment in county governments in Kenya*, {electronic copy} Jomo Kenyatta University of Agriculture and Technology. Retrieved from <http://ir.jkuat.ac.ke>
- Ngengi, E. K., George, W. K. & Anthony, J. W. (2017). Influence of pay disparity among employees on employee commitment in the county government of Nakuru, Kenya, *Journal of Humanities and Social Science*, 22, (10), 76-86
- Normariati, S. & Tantri, Y. R. S. (2018). The influence of position-based compensation and employee commitment on employees' turnover intention, *Journal of Business and Management* 20 (3) 01-06
- Okpu, T. & Obiora, J. N. (2015). Team briefing and workers commitment in the Nigerian banking industry, *American Journal of Business Management*, 9(3), 67-75
- Omolayo, B. & Owolabi, A. (2007). Monetary reward: A predictor of employees' commitment to medium scale organization in Nigeria, *Bangladesh e-Journal of Sociology* 4(1), 42-48.
- Pfeffer, J. & Langton, N. (1993). The effect of wage dispersion on satisfaction, productivity, and working collaboratively: Evidence from College and University Faculty, *Administrative Science Quarterly*, 38(3), 382-407.
- Shaw, J. (2014). Pay dispersion, *Annual review of organizational psychology and organizational Behavior*, 1(1), 521-544.
- Shaw, J. (2015). Pay dispersion, sorting, and organizational performance, *Academy of Management Discoveries*, 1(2), 165-179.
- Shaw, J., Gupta, N., & Delery, J. (2002). Pay dispersion and workforce performance: Moderating effects of incentives and interdependence, *Strategic Management Journal*, 23(6), 491-512.
- Tumwesigye, G. (2010). The relationship between perceived organizational support and turnover intentions in a developing country: The Mediating role of employee commitment, *African Journal of Business Management*. 4(6), 942-952.
- Tversky, A. & Kahneman, D. (1992). Advances in prospect theory: Cumulative representation of uncertainty, *Journal of Risk and Uncertainty*, 5, 297-323.
- Tzafirir, R. & Baruch, T. (2005). Training and development in relation to performance, *European Journal of Operational Research*, 236-290

Umoh, G. I, Amah, E. M. & Wokocha, H. I. (2014). Pay structures and continuance commitment in the manufacturing companies in Nigeria, *Journal of Business and Management*, 16, (2). 62-68

Yandori, Y. & Marter, J. H. (2003). Strategic compensation, *Does Business Strategy Influence Compensations High – Technology Firms? Ithaca, N.Y* 78(3).