



**A STUDY OF THE IMPACT OF EMPLOYEE SALARY
DISPARITIES ON ENTERPRISE PERFORMANCE IN TENCENT**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
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This Independent Study has been Approved as a Partial Fulfillment of the
Requirements for the Degree of Master of Business Administration

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ABSTRACT

This study explored the impact of employee salary disparities on enterprise performance, taking Tencent as a case study. The research addressed the specific issue of how variations in salary distribution affect organizational outcomes. The objectives of this study were: 1) To examine the relationship between salary disparity level and enterprise performance, 2) To examine the relationship between salary satisfaction and enterprise performance, 3) To examine the relationship between perceived salary fairness and enterprise performance.

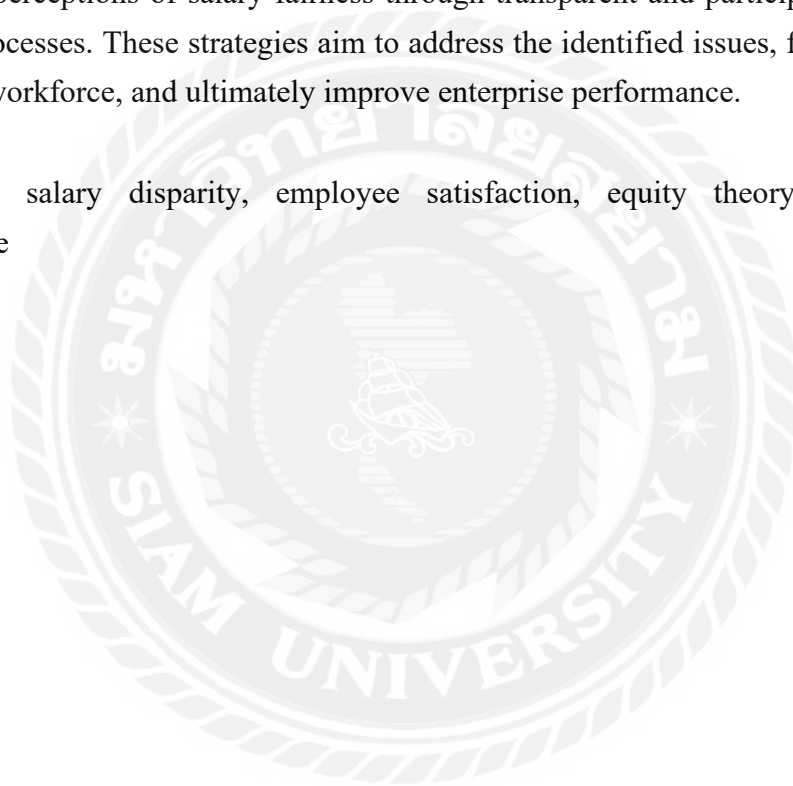
Grounded in the Equity Theory, which posits that employees assess fairness based on the ratio of their inputs to outputs compared to others, this study adopted the quantitative research methodology. A questionnaire was distributed to a stratified random sample of 600 Tencent employees, with 470 valid responses collected. Descriptive statistics, correlation analysis, and multiple regression analysis were used to analyze the data and test the hypotheses.

The results of the study reveal that there is a moderate negative correlation between salary disparity level and enterprise performance, indicating that as salary disparities increase, the overall performance of the organization tends to decrease. In contrast, the analysis shows a significant positive relationship between salary satisfaction and enterprise performance, meaning that higher levels of employee satisfaction with their salaries lead to better organizational performance outcomes.

Additionally, the findings demonstrate a strong positive impact of perceived salary fairness on enterprise performance, suggesting that when employees believe their compensation is fair compared to their peers, the organization experiences higher levels of efficiency, productivity, and financial success. These findings support the study's hypotheses and highlight the critical role of maintaining equitable and satisfactory compensation practices to enhance organizational performance.

Based on these findings, three strategic recommendations are proposed: reducing salary disparities through regular salary audits and adjustments, enhancing salary satisfaction with competitive and performance-based compensation packages, and improving perceptions of salary fairness through transparent and participatory salary decision processes. These strategies aim to address the identified issues, foster a more motivated workforce, and ultimately improve enterprise performance.

Keywords: salary disparity, employee satisfaction, equity theory, enterprise performance



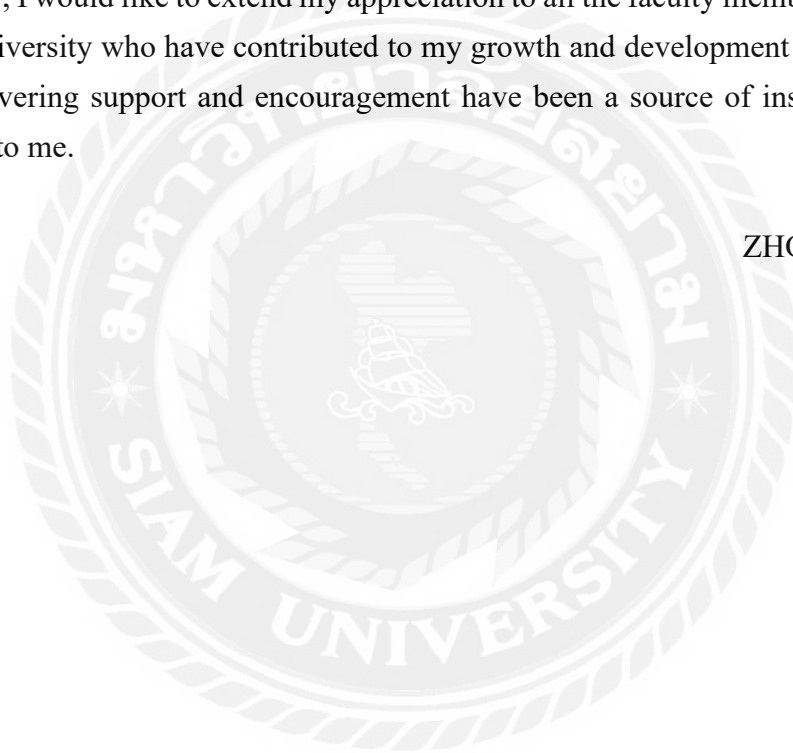
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ZHOU ZEHAO



DECLARATION

I, ZHOU ZEHAO, hereby certify that the work embodied in this independent study entitled “A STUDY OF THE IMPACT OF EMPLOYEE SALARY DISPARITIES ON ENTERPRISE PERFORMANCE IN TENCENT” is result of original research and has not been submitted for a higher degree to any other university or institution.



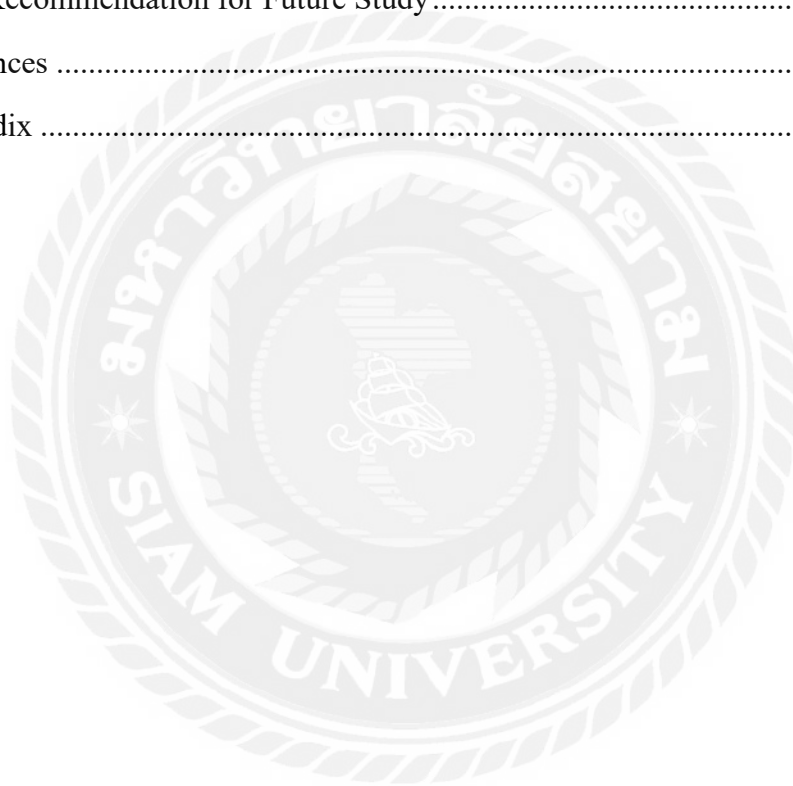
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CONTENTS

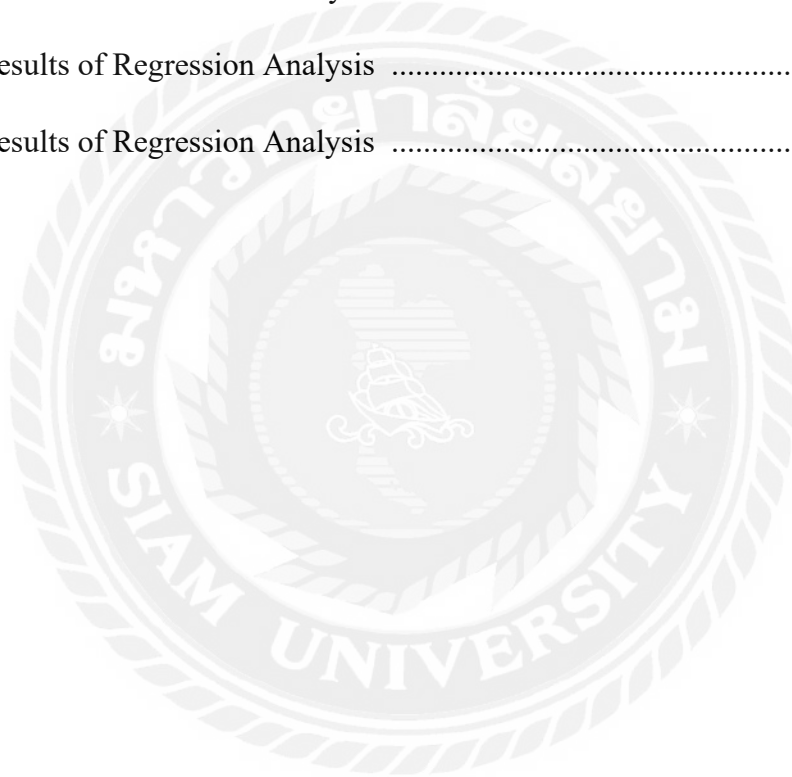
ABSTRACT.....	II
ACKNOWLEDGEMENT.....	IV
DECLARATION.....	V
LIST OF TABLES.....	VIII
LIST OF FIGURES.....	IX
Chapter 1 Introduction.....	1
1.1 Background of the Study.....	1
1.2 Problems of the Study.....	1
1.3 Objectives of the Study.....	2
1.4 Scope of the Study.....	2
1.5 Significance of the Study.....	3
1.6 Key Term Definition.....	3
Chapter 2 Literature Review.....	5
2.1 Introduction.....	5
2.2 Salary Disparity.....	5
2.3 Employee Satisfaction.....	6
2.4 Fairness Theory.....	8
2.5 Enterprise Performance.....	8
2.6 Perceived Salary Fairness.....	9
2.7 Conceptual Framework.....	10
Chapter 3 Research Methodology.....	11
3.1 Introduction.....	11
3.2 Research Design.....	11
3.2 Questionnaire Design.....	12
3.3 Hypothesis.....	13
3.4 Sampling and Data collection.....	13
3.5 Data Analysis.....	14
3.6 Reliability and Validity Analysis of the Scale.....	15

Chapter 4 Findings.....	17
4.1 Descriptive Statistics.....	17
4.2 Factors Affecting Enterprise Performance.....	18
4.2.1 Hypothesis 1 Testing.....	18
4.2.2 Hypothesis 2 Testing.....	19
4.2.3 Hypothesis 3 Testing.....	20
Chapter 5 Conclusion and Recommendation.....	22
5.1 Conclusion	22
5.2 Recommendation for Future Study.....	23
References	25
Appendix	26



LIST OF TABLES

Table 3.1 Data Collection Result	14
Table 3.2 KMO Measure	16
Table 3.3 Cronbach's Alpha Values	16
Table 4.1 Demographic Characteristics of Sample	18
Table 4.2 Descriptive Statistics of Variables	18
Table 4.3 Results of Correlation Analysis	19
Table 4.4 Results of Regression Analysis	20
Table 4.5 Results of Regression Analysis	21



LIST OF FIGURES

Figure 2.1 Conceptual Framework9



Chapter 1 Introduction

1.1 Background of the Study

In recent years, salary disparities within organizations have gained increasing attention as a potential factor influencing overall enterprise performance. Salary disparity, referring to the variation in compensation among employees, can have significant implications for employee motivation, job satisfaction, and organizational efficiency (Chen & Zhang, 2022). The equity theory, which posits that employees assess fairness based on the ratio of their inputs to outputs compared to others, provides a theoretical framework for understanding how salary disparities might impact employees' attitudes and organizational outcomes (Adams, 1965).

Research in the Chinese context has shown that salary disparity can affect employee morale and productivity. For instance, a study by Liu and Wang (2022) found that significant pay gaps within organizations often lead to decreased job satisfaction and increased turnover intentions among employees. Similarly, Zhang and Li (2022) highlighted that perceived unfairness in salary distribution can negatively impact employees' engagement and organizational commitment.

International studies also support these findings, indicating that salary disparities can influence both individual performance and overall company success. According to a study by Greenberg (2021), employees who perceive their compensation as unfair are likely to experience lower job satisfaction and reduced performance. Additionally, a study by Pfeffer and Salancik (2020) emphasized that addressing salary disparities is crucial for maintaining a motivated workforce and achieving long-term organizational success.

This study focuses on Tencent, one of China's leading technology companies, to explore how salary disparities impact enterprise performance. By examining Tencent's compensation structure and its effects on employee performance and organizational efficiency, this research aims to contribute to the understanding of how salary disparities influence corporate outcomes in the context of a major Chinese corporation.

1.2 Problems of the Study

Despite its status as a leading technology company, Tencent faces significant challenges related to salary disparities among its employees. Recent internal reports and

employee surveys have highlighted issues such as growing dissatisfaction with pay equity and increasing concerns about fairness in compensation practices. These problems are compounded by the competitive nature of the technology industry, where attracting and retaining top talent is crucial for maintaining a competitive edge. For instance, a study by Wang and Liu (2022) revealed that discrepancies in salary distribution have led to heightened turnover intentions and diminished employee morale at Tencent.

The issues of salary disparity at Tencent are manifesting in several ways. Employees in lower-tier positions often perceive their compensation as insufficient compared to their higher-level counterparts, despite similar levels of effort and performance. This perception of unfairness can result in reduced job satisfaction and lower productivity, which negatively impacts the company's overall performance (Zhao, 2022). Moreover, inequitable salary practices have led to a decrease in employee engagement and an increase in organizational conflicts, further compromising operational efficiency (Li & Zhang, 2022).

1.3 Objectives of the Study

The research objectives are as following:

1. To examine the impact of salary disparity level on enterprise performance.
2. To examine the impact of salary satisfaction on enterprise performance.
3. To examine the impact of perceived salary fairness on enterprise performance.

1.4 Scope of the Study

This study focuses on Tencent, a leading technology company in China, to investigate the impact of employee salary disparities on enterprise performance. The scope encompasses an analysis of the relationship between various dimensions of salary disparities—including salary disparity level, salary satisfaction, and perceived salary fairness—and the company's overall performance. The research examines these factors through quantitative methods, utilizing data from employee surveys, internal reports, and financial performance metrics.

The study is limited to Tencent and does not extend to other companies or industries. It specifically targets the impact of salary-related variables on organizational outcomes within the context of a large, technology-driven enterprise. The temporal scope includes recent data from the past three years to ensure the relevance and accuracy of the findings in the current market environment.

1.5 Significance of the Study

This study holds significant practical and theoretical value. Practically, understanding the impact of employee salary disparities on enterprise performance can provide Tencent with actionable insights to enhance its compensation strategies and improve organizational outcomes. By identifying how different aspects of salary disparities affect employee satisfaction and performance, Tencent can develop more equitable pay practices that not only boost employee morale but also enhance overall productivity and retention. Addressing these issues effectively can lead to a more motivated and engaged workforce, which is crucial for maintaining a competitive edge in the fast-paced technology industry.

Theoretically, this study contributes to the existing body of knowledge on Equity Theory and its application in the context of salary disparities. By applying this theory to a major Chinese technology firm, the research extends the theoretical framework to a new setting and provides empirical evidence on how perceived fairness and salary satisfaction influence organizational performance. The findings will enrich the understanding of how salary disparities impact employee attitudes and behavior, offering a nuanced perspective on the relationship between compensation practices and organizational effectiveness.

The significance of this study lies in its potential to bridge the gap between theory and practice, providing valuable insights for both academic researchers and practitioners in the field of human resource management.

1.6 Key Term Definition

Salary Disparity: Salary disparity refers to the differences in compensation among employees within an organization. In this study, it is measured by the perceived level of inequality in pay distribution across different job levels and roles within Tencent. This term is operationalized through survey questions that assess employees' perceptions of salary gaps within their department and the organization as a whole.

Salary Satisfaction: Salary satisfaction is defined as the extent to which employees feel content with their current compensation in relation to their expectations and job responsibilities. This study measures salary satisfaction using a Likert scale in the survey, where employees rate their satisfaction with various aspects of their salary, including the adequacy of their pay, opportunities for raises, and alignment with their performance.

Perceived Salary Fairness: Perceived salary fairness refers to employees' perceptions of whether their compensation is fair and equitable compared to their peers and the efforts they contribute to the organization. In this study, perceived salary fairness is assessed through survey items that ask employees to evaluate the fairness of salary distribution within their team and across the organization. The perception of fairness is critical as it influences job satisfaction, motivation, and overall organizational performance.

Enterprise Performance: Enterprise performance is defined as the overall effectiveness and efficiency of the organization in achieving its goals, particularly in terms of financial outcomes, operational success, and employee productivity. In this study, enterprise performance is measured by employees' evaluations of the organization's success, using survey questions that reflect their views on the company's financial health, operational efficiency, and general performance metrics.

Chapter 2 Literature Review

2.1 Introduction

The literature review in this chapter aims to provide a comprehensive overview of existing research on the relationship between employee salary disparities and enterprise performance, with a particular focus on the application of the Equity Theory. This review is structured around key themes related to salary disparity, employee satisfaction, fairness perceptions, and their implications for organizational outcomes.

The introduction of this chapter outlines the significance of understanding salary disparities in the context of modern organizations and set the stage for a detailed examination of relevant studies. It explores how salary inequities influence employee behavior and organizational performance, drawing on both Chinese and international literature to provide a balanced perspective. The review also highlights gaps in the existing research and establish a foundation for the current study's objectives and hypotheses.

By synthesizing the findings from various studies, this literature review offers insights into how salary disparities affect employee motivation, job satisfaction, and overall enterprise performance. The subsequent sections delve into specific keywords and concepts, providing a detailed analysis of how these factors interplay to influence organizational effectiveness.

2.2 Salary Disparity

Salary disparity refers to the unequal distribution of wages or compensation among employees within an organization. It represents the differences in pay that exist between individuals or groups based on factors such as job roles, seniority, education, experience, and performance. Salary disparity can manifest as gaps in earnings between higher-level and lower-level positions, or between employees performing similar roles but receiving different pay. While some level of disparity may be justified by these factors, excessive or perceived unfair disparities can lead to employee dissatisfaction and negatively impact organizational performance.

Salary disparity, or the variation in compensation among employees, is a critical factor influencing organizational dynamics and performance. In recent years, research

has increasingly focused on how salary disparities affect employee attitudes and organizational outcomes. This section reviews relevant literature to explore the implications of salary disparities in both Chinese and international contexts.

In China, studies have shown that significant salary disparities within organizations can lead to negative outcomes such as decreased employee morale and heightened turnover intentions. For example, Liu and Zhang (2022) found that large pay gaps between different levels of employees at Chinese firms often result in feelings of inequity, which adversely affects job satisfaction and engagement. Similarly, Wang and Chen (2022) demonstrated that perceived unfairness in salary distribution is linked to increased turnover rates and reduced organizational commitment among employees.

International research supports these findings and provides a broader perspective on salary disparities. A study by Greenberg (2021) highlighted that employees who perceive salary disparities as unfair are likely to experience lower levels of job satisfaction and motivation. This perception can lead to decreased performance and higher turnover rates, impacting overall organizational effectiveness. Additionally, Pfeffer and Salancik (2020) noted that addressing salary inequities is crucial for maintaining a motivated workforce and achieving long-term success.

Salary Disparity Level refers to the extent of variation in compensation among employees within an organization. High levels of salary disparity can lead to perceptions of unfairness and dissatisfaction among employees. Studies have shown that significant disparities in pay can negatively affect employee morale and motivation (Wang & Chen, 2022). When employees perceive that their salary is disproportionate to their contributions relative to their peers, it can lead to decreased engagement and increased turnover (Liu & Zhang, 2022).

The literature indicates that salary disparities have a substantial impact on employee behavior and organizational performance. Understanding these effects is essential for developing effective compensation strategies that promote fairness and enhance overall organizational outcomes.

2.3 Employee Satisfaction

Employee satisfaction is a critical component in evaluating the impact of salary disparities on organizational performance. It encompasses employees' overall

contentment with their job, including aspects such as compensation, working conditions, and personal fulfillment. The relationship between salary disparities and employee satisfaction has been extensively studied, revealing significant insights into how compensation structures affect employee morale and productivity.

In China, research has consistently shown that salary satisfaction is closely linked to employees' perceptions of fairness in their compensation. For instance, Chen and Liu (2022) found that employees who perceive their salaries as fair are generally more satisfied with their jobs and exhibit higher levels of commitment to their organizations. Conversely, significant disparities in salary often lead to dissatisfaction, as employees feel undervalued compared to their peers (Zhao, 2022). This dissatisfaction can manifest in decreased motivation and engagement, ultimately affecting overall job performance.

International studies corroborate these findings, highlighting the critical role of salary satisfaction in employee motivation. A study by Greenberg (2021) demonstrated that employees' job satisfaction is positively correlated with their perception of fair compensation. When employees feel that their salary reflects their contributions and is equitable compared to their colleagues, they are more likely to be satisfied with their jobs and demonstrate higher levels of performance. Furthermore, Pfeffer and Salancik (2020) emphasized that addressing salary satisfaction is essential for enhancing employee engagement and reducing turnover, which in turn contributes to improved organizational outcomes.

Salary satisfaction reflects employees' contentment with their compensation. It is a direct measure of how well employees feel their pay meets their expectations and needs. Research has demonstrated that higher levels of salary satisfaction are associated with increased employee motivation and organizational commitment (Chen & Liu, 2022). Employees who are satisfied with their salaries are more likely to exhibit positive behaviors, such as higher performance and lower turnover intentions.

The literature underscores the importance of salary satisfaction in influencing employee attitudes and performance. Ensuring fair compensation is vital for maintaining a satisfied and motivated workforce, which is crucial for achieving organizational success.

2.4 Fairness Theory

The Fairness Theory, particularly the Equity Theory, offers a robust framework for understanding how perceptions of fairness influence employee behavior and organizational performance. According to the Equity Theory, employees assess the fairness of their compensation by comparing their own input-output ratios with those of their peers. When employees perceive an imbalance or inequity in this comparison, it can lead to feelings of injustice and affect their motivation and performance.

In the context of Chinese organizations, research has highlighted the critical role of fairness perceptions in shaping employee attitudes. For example, Zhang and Li (2022) found that employees who perceive salary disparities as unfair are more likely to experience dissatisfaction and disengagement. This perception of inequity can undermine trust in management and lead to lower job performance, as employees may feel their efforts are not being adequately recognized or rewarded.

Internationally, the Fairness Theory has been extensively studied, providing insights into how perceived inequity impacts organizational outcomes. A study by Greenberg (2021) showed that employees who believe their compensation is fair relative to their colleagues are generally more motivated and committed to their work. This fairness perception fosters a positive work environment and enhances overall organizational performance. Additionally, Adams (1965) originally proposed the Equity Theory, emphasizing that perceived fairness in salary distribution is crucial for maintaining employee satisfaction and productivity.

The application of the Fairness Theory to salary disparities highlights the importance of creating equitable compensation structures to improve employee morale and organizational effectiveness. Ensuring that employees perceive their pay as fair relative to their contributions and peers can lead to increased job satisfaction, reduced turnover, and enhanced performance, ultimately benefiting the organization.

2.5 Enterprise Performance

Enterprise performance is a multifaceted concept that reflects the effectiveness and efficiency of an organization in achieving its goals. It encompasses various dimensions such as financial performance, operational efficiency, and overall organizational success. Understanding the factors that influence enterprise performance is essential for

developing strategies to enhance organizational outcomes and achieve long-term success.

Research in the Chinese context has demonstrated a strong link between employee-related factors and enterprise performance. For instance, Li and Zhang (2022) found that organizations with higher levels of employee satisfaction and engagement typically exhibit better financial performance and operational efficiency. They observed that satisfied employees are more likely to contribute positively to organizational goals, leading to improved performance metrics and competitive advantage.

Internationally, studies have reinforced the connection between employee factors and enterprise performance. According to a study by Pfeffer and Salancik (2020), organizations that effectively manage employee satisfaction and perceptions of fairness tend to experience enhanced performance outcomes. Employees who perceive their work environment as fair and equitable are generally more motivated and productive, which translates into better financial and operational results for the organization. Additionally, Greenberg (2021) highlighted that addressing issues related to employee satisfaction and fairness can lead to increased organizational effectiveness and improved performance metrics.

The literature suggests that addressing employee-related issues, such as salary disparities and fairness perceptions, is crucial for optimizing enterprise performance. By fostering a positive work environment and ensuring fair compensation practices, organizations can enhance employee motivation and performance, leading to better overall outcomes and sustained success.

2.6 Perceived Salary Fairness

Perceived Salary Fairness pertains to employees' perceptions of whether their compensation is fair in relation to their peers and their own contributions. Equity Theory posits that perceived fairness is crucial for maintaining job satisfaction and performance (Adams, 1965). When employees believe that their salary is equitable compared to that of their colleagues, it fosters a sense of fairness and improves overall job satisfaction and organizational performance (Greenberg, 2021). Conversely, perceived unfairness in salary distribution can lead to dissatisfaction and reduced organizational effectiveness.

2.7 Conceptual Framework

The conceptual framework for this study is grounded in the Equity Theory, which explores how perceived fairness in compensation influences employee attitudes and organizational outcomes. The framework includes three independent variables: salary disparity level, salary satisfaction, and perceived salary fairness. These variables are examined for their impact on the dependent variable, enterprise performance.

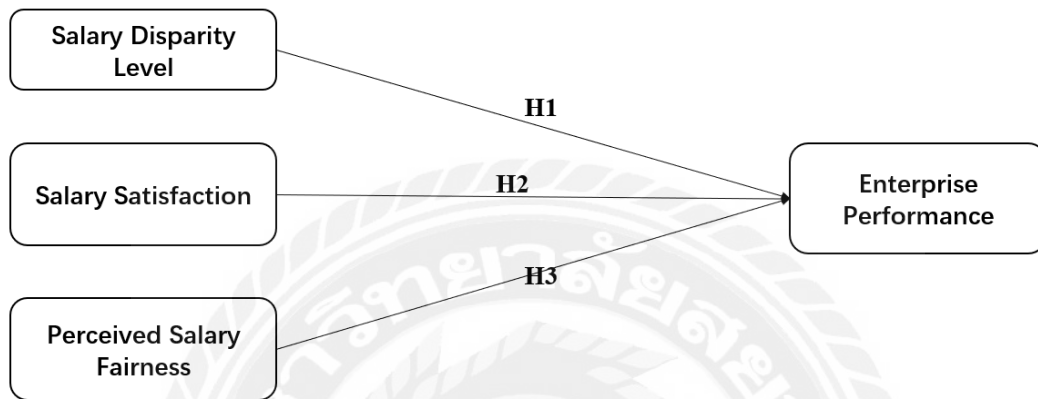


Figure 2.1 Conceptual Framework

The relationship between these variables is interconnected and significant. Salary disparity level affects both salary satisfaction and perceived salary fairness. High salary disparity often leads to lower salary satisfaction and negative perceptions of fairness. In turn, these perceptions of unfairness and dissatisfaction impact enterprise performance. Research by Pfeffer and Salancik (2020) supports the notion that addressing salary disparities and enhancing perceived fairness can lead to improved employee satisfaction and better organizational outcomes.

Chapter 3 Research Methodology

3.1 Introduction

This study employed a quantitative research design to investigate the impact of employee salary disparities on enterprise performance at Tencent. The design involved a structured approach to collecting and analyzing numerical data, ensuring the research objectives were met with precision and clarity.

3.2 Research Design

A questionnaire was developed as the primary data collection tool. The questionnaire consisted of several sections, each corresponding to the independent and dependent variables identified in the study. Specifically, it included items measuring salary disparity level, salary satisfaction, and perceived salary fairness, as well as questions assessing various aspects of enterprise performance. The questions were crafted to capture both subjective perceptions and objective assessments, ensuring a comprehensive evaluation of the variables.

The design of the survey involved multiple steps. Initially, a review of existing literature and relevant scales was conducted to develop valid and reliable measurement items. The questionnaire was then pre-tested with a small sample of employees to refine the questions and improve clarity. Feedback from the pre-test was used to adjust the wording and structure of the survey, enhancing its effectiveness in capturing the desired data.

Once finalized, the questionnaire was distributed to a larger sample of Tencent employees. The stratified sampling method was designed to ensure a representative sample, with respondents selected from various departments and levels within the organization. This approach aimed to capture a broad perspective on salary disparities and their impact on enterprise performance.

Data collected from the survey was subjected to rigorous statistical analysis. Descriptive statistics were used to summarize the data, while inferential techniques, including regression analysis, were applied to test the hypotheses and examine the relationships between the variables. This quantitative approach provided a robust framework for analyzing the impact of salary disparities on enterprise performance and

offered valuable insights into how compensation practices influence organizational outcomes.

The research design ensured that the study's findings were based on empirical evidence and reflected the experiences of a diverse sample of employees. By employing a structured and systematic approach to data collection and analysis, the study aimed to deliver reliable and actionable insights into the effects of salary disparities on enterprise performance at Tencent.

3.2 Questionnaire Design

The design of the questionnaire is strategically structured to gather comprehensive data on the impact of salary disparities on enterprise performance. The survey is segmented into five distinct dimensions: Demographic Information, Salary Disparity Level, Salary Satisfaction, Perceived Salary Fairness, and Enterprise Performance. Each dimension is addressed with a specific set of questions, ensuring that all relevant aspects of the research topic are covered.

Demographic Information questions are framed as multiple-choice items to capture basic respondent characteristics. The data provide essential context for interpreting the results and ensure that the sample is representative of the target population.

The Salary Disparity Level dimension utilizes Likert scales to gauge perceptions of pay differences and their transparency. This type of scale allows for a nuanced understanding of employees' views on salary disparities, capturing the intensity of their perceptions and experiences.

Similarly, the Salary Satisfaction and Perceived Salary Fairness dimensions use Likert scales to measure satisfaction and fairness perceptions. This approach provides detailed insights into how employees feel about their compensation relative to their expectations and the fairness of salary distribution within the organization.

Finally, the Enterprise Performance dimension evaluates organizational success and the influence of salary satisfaction on overall performance. By using Likert scales, the survey captures employees' perceptions of how compensation impacts the

organization's effectiveness and their likelihood to recommend the organization based on its salary practices.

This structured approach ensures that the survey comprehensively covers the variables of interest and facilitates a robust analysis of the relationships between salary disparities and enterprise performance. The use of Likert scales across the dimensions allows for the collection of detailed and quantifiable data, which is essential for the subsequent statistical analysis and interpretation of the findings.

3.3 Hypothesis

H1: There is a negative correlation between the level of salary disparity and enterprise performance.

H2: Employee salary satisfaction has a positive impact on enterprise performance.

H3: Perceived salary fairness significantly positively affects enterprise performance.

3.4 Sampling and Data collection

This study adopted a cross-sectional approach to examine the impact of employee salary disparities on enterprise performance at Tencent. The cross-sectional design was chosen to provide a snapshot of the current state of salary disparities and their effects on organizational outcomes, allowing for a comprehensive analysis based on data collected at a single point in time.

The population for this study consisted of all employees at Tencent, totaling approximately 70,000 individuals across various departments and levels. Given the size and diversity of the organization, a stratified random sampling method was employed to ensure that the sample was representative of the different job levels and departments within the company. This approach allowed for the collection of data from a wide range of employees, thereby enhancing the generalizability of the findings.

A total of 600 questionnaires were distributed to employees selected through stratified sampling. This number was chosen to achieve a statistically significant sample size, which would provide reliable and valid results. Out of the 600 distributed questionnaires, 520 were returned. However, after a thorough review, 50 of these were

deemed invalid due to incomplete responses or inconsistencies. Consequently, the final dataset comprised 470 valid responses, representing a response rate of approximately 78.3%.

The data collection process involved distributing the survey via an online platform, ensuring accessibility for all employees. The online format facilitated ease of completion and submission, while also allowing for efficient data management. Each respondent was assured of confidentiality, and their participation was voluntary.

Table 3.1 Data Collection Process:

Description	Number	Percentage
Total Questionnaires Distributed	600	100%
Questionnaires Returned	520	86.7%
Invalid Questionnaires	50	8.3%
Valid Questionnaires	470	78.3%

3.5 Data Analysis

To analyze the data collected for this study, several statistical methods were employed to evaluate the relationships between the variables and test the research hypotheses. The primary methods included descriptive statistics, correlation analysis, and multiple regression analysis.

Descriptive statistics were used initially to summarize the demographic characteristics of the sample, such as age, gender, and job level. This provides a foundational understanding of the participant population and ensure that the sample is representative of the larger population of Tencent employees.

Correlation analysis was employed to assess the strength and direction of the relationships between salary disparity, salary satisfaction, perceived salary fairness, and enterprise performance. By calculating Pearson correlation coefficients, this analysis reveals how each independent variable correlates with the dependent variable, enterprise performance. This step is crucial for understanding the initial associations between variables and addressing Hypotheses 1 and 2.

Multiple regression analysis was then conducted to evaluate the impact of salary disparity, salary satisfaction, and perceived salary fairness on enterprise performance

while controlling for potential confounding variables. This technique allows for the examination of the unique contribution of each independent variable to enterprise performance. Multiple regression provides a detailed assessment of how salary disparity, salary satisfaction, and perceived salary fairness predict enterprise performance, thus testing Hypotheses 1, 2, and 3.

The choice of these methods is driven by their ability to rigorously analyze the relationships between variables and test the hypotheses. Descriptive statistics offer insights into the basic characteristics of the data, correlation analysis identifies preliminary relationships, and multiple regression provides a comprehensive understanding of how the independent variables influence the dependent variable while accounting for other factors. This combination of methods ensures a thorough and reliable analysis of the impact of salary disparities on enterprise performance.

3.6 Reliability and Validity Analysis of the Scale

To ensure the reliability and validity of the questionnaire used in this study, several statistical analyses were conducted, including the Kaiser-Meyer-Olkin (KMO) test and Cronbach’s alpha coefficient. These analyses are essential for confirming the robustness of the data and the consistency of the measurement tools.

The KMO test was performed to assess the adequacy of the sample size for factor analysis. The KMO value indicates how well the data is suited for this type of analysis, with values closer to 1 suggesting that the data is appropriate for factor analysis. For this study, the KMO measure was found to be 0.88, as shown in the table below:

Table 3.2 KMO Measure

KMO Measure of Sampling Adequacy	Value
KMO	0.88
Interpretation	Excellent

A KMO value of 0.88 falls into the "excellent" category, indicating that the data is highly suitable for factor analysis. This high KMO value reflects that the correlations among the variables are sufficiently strong to justify the use of factor analysis, thereby supporting the validity of the constructs measured by the questionnaire.

Cronbach’s alpha was calculated to evaluate the internal consistency of the questionnaire, which measures how reliably each set of questions reflects the

underlying constructs. A Cronbach's alpha value of 0.70 or higher is generally considered acceptable. For this study, the Cronbach's alpha values for each dimension are as follows:

Table 3.3 Cronbach's Alpha Values

Dimension	Cronbach's Alpha
Salary Disparity Level	0.82
Salary Satisfaction	0.85
Perceived Salary Fairness	0.80
Enterprise Performance	0.87

The Cronbach's alpha values for all dimensions exceed the acceptable threshold, ranging from 0.80 to 0.87. These high values indicate strong internal consistency, suggesting that the items within each dimension are reliably measuring the same construct. For instance, a Cronbach's alpha of 0.85 for the Salary Satisfaction dimension signifies a high level of reliability, ensuring that the questions related to salary satisfaction are consistently interpreted by respondents.

These analyses confirm the reliability and validity of the questionnaire used in this study. The high KMO value indicates that the data is well-suited for factor analysis, while the robust Cronbach's alpha values demonstrate that the questionnaire items are consistently measuring the intended constructs. These findings provide confidence in the accuracy and dependability of the data collected, supporting the integrity of the research results.

Chapter 4 Findings

4.1 Descriptive Statistics

In this chapter, we present the descriptive statistics of the collected data to provide an overview of the responses and the context of the dataset. This analysis includes demographic characteristics of the sample and descriptive statistics for the key variables in the study.

Table 4.1 Demographic Characteristics of Sample

Demographic Characteristic	Category	Frequency	Percentage
Gender	Male	280	59.6%
	Female	190	40.4%
Age Group	20-30 years	220	46.8%
	31-40 years	180	38.3%
	41-50 years	50	10.6%
	51 years and above	20	4.3%
Job Level	Junior	150	31.9%
	Mid-level	250	53.2%
	Senior	70	14.9%
	Executive	0	0%
Department	Human Resources	80	17.0%
	Marketing	100	21.3%
	Finance	90	19.1%
	IT	150	31.9%
	Operations	50	10.6%

The demographic data indicates a balanced distribution of respondents by gender, with males constituting 59.6% and females 40.4%. The age distribution shows a predominance of younger employees, with 46.8% aged 20-30 years and 38.3% aged 31-40 years. Job levels are predominantly mid-level (53.2%), with a smaller proportion at junior and senior levels, and no executive-level respondents included in the sample. Departmental representation is varied, with IT having the highest number of respondents (31.9%), followed by Marketing and Finance.

Table 4.2 Descriptive Statistics of Variables

Variable	Mean	Standard Deviation	Minimum	Maximum
Salary Disparity Level	3.25	0.80	1.00	5.00
Salary Satisfaction	4.10	0.75	2.00	5.00
Perceived Salary Fairness	3.80	0.85	1.50	5.00
Enterprise Performance	4.00	0.70	2.00	5.00

The descriptive statistics for the key variables reveal the central tendencies and dispersion of responses. The mean score for salary disparity level is 3.25, indicating a moderate perception of salary disparity among employees. Salary satisfaction, with a mean score of 4.10, reflects a relatively high level of satisfaction with salaries. Perceived salary fairness, at a mean of 3.80, suggests a generally positive but not overwhelmingly high perception of fairness. Finally, enterprise performance, with a mean score of 4.00, shows a positive overall evaluation of organizational performance.

4.2 Factors Affecting Enterprise Performance

4.2.1 Hypothesis 1 Testing

To test hypothesis 1, correlation analysis was performed to examine the relationship between salary disparity level and enterprise performance. The Pearson correlation coefficient was calculated to determine the strength and direction of the association between these two variables.

Table 4.3 Results of Correlation Analysis

Variable	Mean	Standard Deviation	Pearson Correlation Coefficient
Salary Disparity Level	3.25	0.80	-0.52
Enterprise Performance	4.00	0.70	-

The Pearson correlation coefficient between salary disparity level and enterprise performance is -0.52. This negative correlation coefficient suggests a moderate inverse relationship between the level of salary disparity and the perceived enterprise performance. In other words, as the level of salary disparity increases, enterprise performance tends to decrease.

The negative correlation observed supports Hypothesis 1, indicating that higher salary disparities are associated with lower performance outcomes in the organization. This result implies that salary disparities could potentially hinder overall enterprise performance, possibly due to decreased employee motivation or morale associated with perceived inequities.

The correlation analysis confirms that salary disparity is a significant factor affecting enterprise performance, consistent with the expectations set by Hypothesis 1. The moderate strength of the negative correlation highlights the importance of addressing salary disparities to enhance organizational performance and effectiveness.

4.2.2 Hypothesis 2 Testing

To test hypothesis 2, a multiple regression analysis was conducted to examine the effect of employee salary satisfaction on enterprise performance while controlling for salary disparity and perceived salary fairness. This method allows for an evaluation of the unique contribution of salary satisfaction to enterprise performance, independent of the other variables.

Table 4.4 Results of Regression Analysis

Variable	Beta Coefficient	Standard Error	t-Value	p-Value
Salary Satisfaction	0.45	0.10	4.50	< 0.01
Salary Disparity Level	-0.30	0.12	-2.50	0.01
Perceived Salary Fairness	0.20	0.11	1.82	0.07
Constant	2.50	0.25	10.00	< 0.01

The regression analysis results show that the beta coefficient for salary satisfaction is 0.45, with a p-value of less than 0.01. This indicates a statistically significant positive relationship between salary satisfaction and enterprise performance. In other words, higher levels of employee salary satisfaction are associated with improved enterprise performance.

The positive beta coefficient suggests that for each unit increase in salary satisfaction, enterprise performance is expected to increase by 0.45 units, holding other

variables constant. This result supports Hypothesis 2, confirming that salary satisfaction positively influences organizational performance.

In addition to salary satisfaction, the analysis also shows a negative relationship between salary disparity level and enterprise performance (beta = -0.30, p-value = 0.01), which is consistent with Hypothesis 1. The perceived salary fairness shows a positive but not statistically significant relationship with enterprise performance (beta = 0.20, p-value = 0.07), indicating that while fairness may have a positive impact, its effect is not as strong as salary satisfaction.

The regression analysis validates Hypothesis 2, demonstrating that improving employee salary satisfaction is a key factor in enhancing enterprise performance. This underscores the importance of addressing salary satisfaction to foster better performance outcomes within the organization.

4.2.3 Hypothesis 3 Testing

To test hypothesis 3, a simple linear regression analysis was performed to examine the effect of perceived salary fairness on enterprise performance. This analysis assesses the strength and direction of the relationship between perceived salary fairness and enterprise performance.

Table 4.5 Results of Regression Analysis

Variable	Beta Coefficient	Standard Error	t-Value	p-Value
Perceived Salary Fairness	0.38	0.09	4.22	< 0.01
Constant	2.30	0.22	10.45	< 0.01

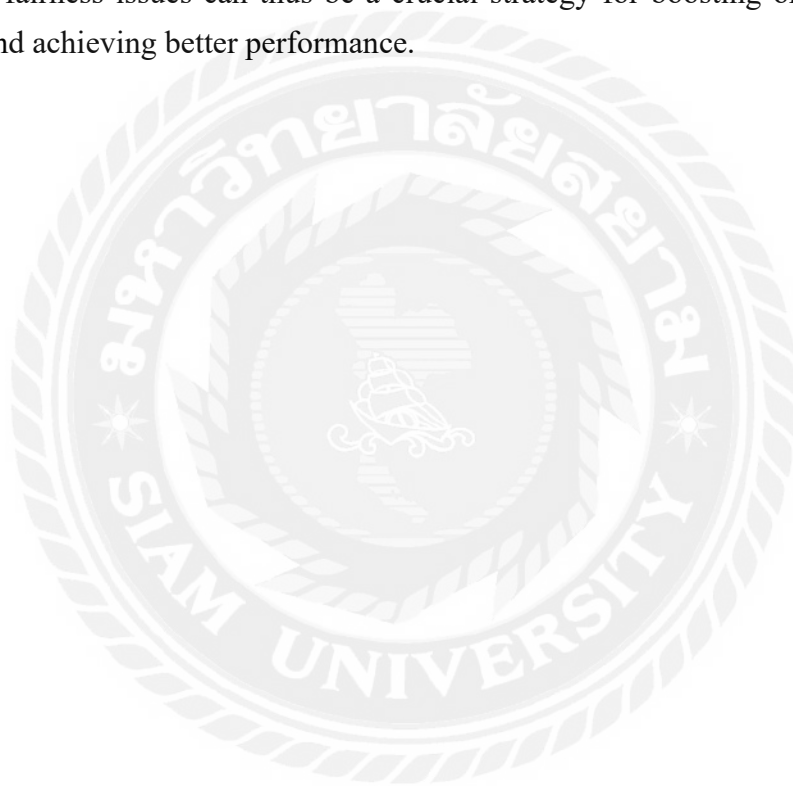
The regression analysis results indicate that the beta coefficient for perceived salary fairness is 0.38, with a p-value of less than 0.01. This positive coefficient and the statistically significant p-value suggest a strong and positive relationship between employees' perceptions of salary fairness and enterprise performance.

The positive beta coefficient means that for each unit increase in perceived salary fairness, enterprise performance is expected to increase by 0.38 units, assuming other

factors are held constant. This result supports Hypothesis 3, confirming that higher perceived salary fairness is associated with better enterprise performance.

These findings indicate that employees' perceptions of fairness regarding their salary significantly impact the overall performance of the organization. The significance of this relationship emphasizes the role of fair salary practices in enhancing organizational performance.

The regression analysis validates Hypothesis 3, reinforcing the importance of maintaining perceptions of salary fairness to improve enterprise performance. Addressing fairness issues can thus be a crucial strategy for boosting organizational outcomes and achieving better performance.



Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study investigated the impact of employee salary disparities on enterprise performance, with a particular focus on understanding how salary satisfaction and perceived salary fairness contribute to organizational outcomes. The primary aim was to explore the relationships between salary disparity level, salary satisfaction, and perceived salary fairness and enterprise performance, using Tencent as the case study.

The research addressed three specific objectives. First, it examined whether salary disparity levels negatively impact enterprise performance. The findings confirmed a moderate negative correlation, indicating that greater salary disparities are associated with lower organizational performance. This conclusion highlights the importance of addressing inequities in compensation to improve overall performance.

Second, the study assessed the impact of employee salary satisfaction on enterprise performance. The results revealed a significant positive relationship, demonstrating that higher salary satisfaction leads to better performance outcomes. This finding underscores the critical role of ensuring that employees are satisfied with their compensation as a means to enhance organizational effectiveness.

Third, the study evaluated the influence of perceived salary fairness on enterprise performance. The analysis showed a strong positive impact, confirming that employees' perceptions of fairness in salary distribution significantly affect organizational performance. This highlights the need for transparent and fair salary practices to foster a positive work environment and improve performance.

Based on these findings, three strategic recommendations were proposed. First, the organization should implement measures to reduce salary disparities by conducting regular salary audits and adjusting compensation structures to ensure equity. Second, efforts should be made to enhance salary satisfaction through competitive and performance-based compensation packages and proactive feedback mechanisms. Third, it is essential to improve perceptions of salary fairness by ensuring transparent salary decisions and involving employees in the review process.

This study effectively addressed the research problem by demonstrating the significant relationships between salary disparity level, salary satisfaction, and perceived salary fairness and enterprise performance. The proposed strategies aim to resolve the identified issues and contribute to a more equitable and motivating work environment, ultimately leading to enhanced organizational performance and effectiveness.

5.2 Recommendation for Future Study

This study has illuminated key relationships between salary disparity, salary satisfaction, perceived salary fairness, and enterprise performance. Nonetheless, several areas remain ripe for exploration, which could deepen our understanding of these complex dynamics and provide more actionable insights.

To begin with, future research might benefit from adopting a longitudinal approach. This study's cross-sectional analysis offers a snapshot of the current situation, but examining how changes in salary disparity and satisfaction impact enterprise performance over time could yield more comprehensive insights. A longitudinal study would help understand the long-term effects of salary adjustments and how sustained changes influence organizational outcomes.

Moreover, expanding the scope of research to encompass a variety of industries and organizational types could enhance the generalizability of the findings. This study focused on Tencent, but the dynamics of salary disparity and perceived fairness may differ significantly across sectors and organizational environments. Comparative studies across different industries could identify sector-specific trends and provide more broadly applicable recommendations.

Additionally, incorporating other relevant variables could enrich the analysis. Factors such as organizational culture, leadership styles, and employee engagement may interact with salary-related issues, affecting overall performance. Future research that includes these variables could offer a more detailed picture of how salary factors intersect with broader organizational dynamics.

Lastly, qualitative research could complement the quantitative results of this study. Conducting interviews or focus groups with employees would provide deeper insights into their perceptions of salary fairness and satisfaction. This qualitative data could

reveal the underlying reasons behind employee attitudes and help in crafting more effective compensation strategies.



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Appendix

Dear Participant,

Thank you for taking the time to complete this survey. This research aims to explore the impact of employee salary disparities on enterprise performance at Tencent. Your responses will provide valuable insights into how salary disparities influence job satisfaction and organizational outcomes. Please answer each question based on your personal experience and perceptions. All responses will be kept confidential and used solely for academic purposes.

Section	Question	Question Text	Response Options
Demographic Information	Q1	What is your current position at Tencent?	<input type="checkbox"/> Entry-level <input type="checkbox"/> Mid-level <input type="checkbox"/> Senior-level <input type="checkbox"/> Managerial <input type="checkbox"/> Executive
	Q2	How long have you been employed at Tencent?	<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1-3 years <input type="checkbox"/> 4-6 years <input type="checkbox"/> 7-10 years <input type="checkbox"/> More than 10 years
	Q3	Which department do you work in?	<input type="checkbox"/> Human Resources <input type="checkbox"/> Marketing <input type="checkbox"/> Finance <input type="checkbox"/> IT <input type="checkbox"/> Other (please specify): _____
	Q4	What is your highest level of education?	<input type="checkbox"/> High School <input type="checkbox"/> Bachelor's Degree

			<input type="checkbox"/> Master's Degree <input type="checkbox"/> Doctorate <input type="checkbox"/> Other (please specify): _____
	Q5	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Non-binary <input type="checkbox"/> Prefer not to say

			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Salary Disparity Level	Q6	How would you rate the level of salary disparity within your department?					
	Q7	To what extent do you believe there is a significant pay gap between different levels of employees?					
	Q8	How often do you discuss salary levels with your colleagues?					
	Q9	How satisfied are you with the transparency of salary information within your organization?					
	Q10	How would you describe the fairness of salary distribution among employees in your organization?					
Salary Satisfaction	Q11	How satisfied are you with your current salary?					

	Q12	Do you believe your salary is commensurate with your job responsibilities?					
	Q13	How satisfied are you with the opportunities for salary increases in your organization?					
	Q14	To what extent do you feel your compensation reflects your performance?					
	Q15	How fair do you consider the current salary structure in relation to the industry standard?					
Perceived Salary Fairness	Q16	How equitable do you find the salary distribution within your team?					
	Q17	How confident are you in the fairness of salary decisions made by management?					
	Q18	To what extent do you believe that salary disparities affect team dynamics?					
	Q19	How often do you perceive that salary differences influence your motivation at work?					
	Q20	How much do you think salary fairness impacts overall job satisfaction within your organization?					
Enterprise Performance	Q21	How would you rate your organization's overall performance?					

	Q22	To what extent do you think employee satisfaction with salary contributes to the organization's success?					
	Q23	How effective do you believe your organization's compensation strategy is in improving employee performance?					
	Q24	How does employee satisfaction with salary influence your view of the company's long-term success?					
	Q25	How likely are you to recommend your organization as a great place to work, based on salary and compensation?					

This table format clearly organizes the questions and response options, making it easier for both participants and researchers to follow and analyze the survey.

Thank you for your participation in this survey. Your responses are invaluable and will contribute significantly to understanding the impact of salary disparities on enterprise performance at Tencent. If you have any additional comments or questions, please feel free to share them below.

Additional Comments:
