The Role of Job Satisfaction Mediates the Effect of Compensation with Employee Loyalty at Senetan Villas & Spa Resort

Ida Bagus Megawisnu Kencana and Ida Bagus Ketut Surya

ABSTRACT

This research was conducted at Senetan Villas & Spa Resort which is one of the companies engaged in accommodation or lodging services. This paper provides a perspective of the role of job satisfaction as a mediator at compensation and employee loyalty. The sample used in this study was 60 people. Data collection was through distributing questionnaires. Analysis of the data in this study used path analysis. The results show that compensation has a significant effect on job satisfaction and loyalty, and job satisfaction strengthens compensation at employee loyalty.

Keywords: Compensation, Employee Loyalty, Job Satisfaction.

I. INTRODUCTION

A large number of the tourism industry, especially in the field of services in Bali, has increasingly strengthened companies to implement best quality service through employees who have high loyalty to the job. Newly recruited employees also need to be trained to be able to adjust to new working conditions, so that company loyalty will increase (Marlius, 2018).

Employees who have high work loyalty will have good interpersonal relationships with other employees and also with their superiors. These interpersonal relationships include social and emotional relationships in daily interactions, both concerning work relationships and personal life (Onsardi, 2017). In addition to the aspects mentioned above, several factors can affect high and low employee loyalty. Allegedly these factors are factors of compensation and job satisfaction.

Employees who are satisfied with their jobs tend to be more creative, thereby making the organization able to compete at the international level. Pradipita and Suwandana (2019) state that employee's satisfaction can describe employees' positive and negative feelings about the work they face, such as feelings of achievement and success at work, implementing high satisfaction with employees who feel happy and comfortable with the organizational environment and get rewards for their efforts.

In increasing job satisfaction and employee loyalty, companies must pay attention to factors such as providing compensation to employees, because giving compensation is felt to provide work motivation for employees. Good compensation will increase employee retention within the company. Mabaso (2018) concluded that compensation can be an important factor in reducing managerial turnover and increasing commitment. Lubis and Susanti (2019) state compensation is a form of value received by employees for their performance. Fair compensation is more likely to be attractive in developing, motivating, and retaining qualified and competent employees. Research conducted by Rono and Kiptum (2017) found that there is compensation satisfaction among employees who play a role in employee retention at If employees have high compensation, employee retention will increase and reduce turnover rates. Compensation is very important in contractual and implied agreements between employers and employees because it can improve the employee's organization and can retain employees to continue working at the company (Suri, 2016). Conversely, to obtain better compensation, employees will try to work better, when an employee feels satisfaction at work, employees will try their best with all their abilities to complete their work (Okwudili & Ogbu, 2017).

The research was conducted at Senetan Villas & Spa Resort, Payangan, Gianyar. Job satisfaction can be measured through employee turnover data at Senetan Villa & Spa Resort. Senetan Villas & Spa Resort's employee turnover rate is above the normal limit. The number of Senetan Villas & Spa Resort employees who resigned above 10 percent in 2020 with a turnover rate of 54.35 percent, in 2019 with a turnover rate of 45.38 percent, in 2018 with a turnover rate of 38.81 percent, and in 2016 with a turnover rate of 32.62 percent. This condition needs attention from management because the employee turnover rate is a reflection of low loyalty which will have an impact on service quality.
The company's profitability will also decrease due to the inexperience of the new employees. Companies collect reliable workforce with good quality increasingly difficult to obtain, moreover to retain employees, therefore the company must always provide positive support for employees so that employees feel that they are supported by their organization which is commonly referred to as perceived organizational support (Darmika & Sriathi, 2019).

Based on pre-research through interview methods with 5 employees of Senetan Villas & Spa Resort in the field of SPA employees, housekeeping, gardeners, sales marketing, and security. It can be said that low employee loyalty is caused by several factors, one of which is that the compensation received by employees is only sufficient to meet family needs and cannot be set aside for savings in the event of a sudden need for funds. Employees also feel dissatisfied because of the lack of opportunities for employees to get promoted and there are heavy demands on work that make employees have to work outside the set working hours to complete their work. In addition, some employees do not complete their work on time. These problems will become a significant obstacle to the process of achieving company goals (Vera et al., 2020).

II. LITERATURE REVIEW

A. Two Factor Theory

Two Factor Theory states that satisfaction and dissatisfaction at work are two different sides and will have an impact on employee feedback on the company. This theory formulates job characteristics into two groups, namely satisfies (motivators) which are satisfying factors, although not being fulfilled will not cause too much dissatisfaction, and dissatisfaction (hygiene factors) which are factors that are a source of dissatisfaction (Ridwan & Anik, 2020). In Herzberg's theory, job satisfaction factors, and motivators can take the form of achievements, promotions, promotions, and other awards that can motivate employees to work. Position promotion is enlarging authority and responsibility to higher positions in the organization so that their rights, status, and income will be large (Gunastri et al., 2019).

Motivation factors, the amount of salary is not always considered a motivator, especially for professional employees and leaders, as long as the salary received is sufficient and is felt to be fair. However, if someone feels that they are not being paid well enough, or if the contribution they are making to the company is large enough, they will ask for a higher salary to achieve recognition and fair treatment, which may be the real thing that drives their interest (Pramesti & Piartrini, 2020).

B. Research Hypothesis

Palwasha (2017) proved that compensation has a significant effect on employee loyalty. Regarding the provision of compensation given to employees, it is suggested to the company that the measurement of compensation can also be seen from the achievement of employees and can also add forms of compensation such as personal protection in the form of pension funds, payments when not working such as when attending training and leave, as well as an increase in salary to increase employee loyalty.

Likewise, research conducted by Onsardi (2017) states that bonuses and incentives received can increase morale which has an impact towards loyalty.

H1: Compensation has positive effects on Employee Loyalty.

Chandra (2020) state if job satisfaction increases, employee loyalty also increases. The greater the satisfaction of employees working in a good work environment and facilities, the greater the employee's loyalty to the company.

H2: Job Satisfaction has a positive effect on Employee Loyalty.

Winda et al. (2017) suggested that there is a positive effect of compensation on job satisfaction can be interpreted that by providing compensation according to the wishes of employees, this satisfaction will appear. Compensation provides clear benefits for employees, namely in the form of job satisfaction and quality work life.

H3: Compensation has a positive effect on job satisfaction.

Suptarini and Yudhaningsih (2020) state that there is a significant effect of compensation on employee loyalty through jobs satisfactions. Tantowi et al. (2016) stated that compensation and job satisfaction have a positive and significant effect on employee loyalty.

H4: Job satisfaction mediates the relationship between the influence of compensation and employee loyalty.

III. METHOD

This research is associative research using a quantitative approach. This research was conducted at Senetan Villas & Spa Resort which is located in Penginyahan Banjar, Pulu Village, Payangan, Gianyar, Bali, Indonesia. The choice of location based at scene of employee loyalty at Senetan Villas & Spa Resort which is located in Banjar Penginyah, Pulu Village, Payangan, Gianyar, Bali, Indonesia. The number of samples is 60 people. Data collection methods used in this study are interviews and questionnaires. Data were analyzed with path analysis.

Job satisfaction is an employee's behavior that reflects feelings towards his work carried out with the expectation of a reward given. The dimensions of job satisfaction are adopted according to Madadzadeh et al. (2018) based on Herzberg's Two Factor Theory, namely hygiene factors and motivator factors including: 1) Hygiene factors Referring to factors that motivate an employee from outside the employee that trigger job satisfaction, namely: Company Policy; Relationship with peers; Work Security; Relationship with Supervisors; Money; Work Conditions. 2) Motivator Factor Is a good feeling associated with the work itself which is a psychological factor or a factor within the employee that triggers employee satisfaction, namely: Achievement; advances; Work it Self; Recognition; growth

According to Lazear (2018), compensation is something employees receive as a substitute for their service contributions to the company. Fair compensation is more likely retains qualified and competent employees. Indicators used to measure compensation, are as follows: the salary offered by my organization is high; overtime getting paid; good health benefits; and insurance coverage.

Employee loyalty is the willingness of employees with all abilities, skills, thoughts and time to participate in achieving organizational goals (Onsardi, 2017).
The indicators used to measure loyalty are as follows: Remain in the organization; Willing to work overtime to complete the job; Maintain company business secrets; Willing to follow directions or instructions.

IV. RESULTS AND DISCUSSION

A. Characteristics of Research Respondents
Most of the respondents at Senetan Villas & Spa Resort have various ages, education and years of service. Based on the gender criteria, it was shown that female respondents dominated in this study with a percentage of 56.67 percent, this was because Senetan Villas & Spa Resort required Spa staff who were dominantly women. Based on age category, respondents were dominated at the age of 21-30 years with a percentage of 58.33 percent. This means that Senetan Villas & Spa Resort employees are on average young employees aged 21-30 years, this is because Senetan Villas & Spa Resort requires more fresh graduates or easy employees with attractive appearance to become Spa employees at Senetan Villas & Spa Resorts. The grouping of respondents based on education shows that the majority of Senetan Villas & Spa Resort employees have a final level of education at the Bachelor level. This is because Senetan Villas & Spa Resort prioritizes the education of its employees so they can work more optimally. When viewed based on the length of work of the respondents, employee with 2-3 years’ experience dominates in this study with the number of respondents as many as 21 people or as much as 35 percent of the total respondents and the smallest percentage is 16.67 percent (10 people) who have less than 3 years of service. This shows that Senetan Villas & Spa Resort employees have good loyalty because they are able to work for more than 2 years at Senetan Villas & Spa Resort.

B. Summary of Respondents' Answers
In general, the respondents agreed with the statements which are indicators of the compensation variable, thus it can be said that Senetan Villas & Spa Resort employees have received high compensation. The highest scoring "I am satisfied with the overtime pay paid" with an average value of 4.18. This shows that employees are satisfied with the compensation, especially satisfied with the overtime pay paid by Senetan Villas & Spa Resort. The lowest scoring "I am satisfied with the health benefits paid by the organization" with an average value of 3.93. This shows that there are still employees who are dissatisfied with the health benefits paid by Senetan Villas & Spa Resort.

In general, respondents agreed with the statements which are indicators of job satisfaction variables, thus it can be said that employees at Senetan Villas & Spa Resort already have high job satisfaction. The highest scoring "I am trusted by my superiors for my work" of 4.18, employee proved to be satisfied working at Senetan Villas & Spa Resort and have been trusted by their superiors for the work they have done. Lowest scoring "The work facilities that I use are adequate", with an average value of 3.77. This shows that there are still some employees who are dissatisfied because the working facilities used are inadequate at Senetan Villas & Spa Resort for some employees.

In general, respondents agreed with the statements which are indicators of employee loyalty variables, thus it can be said that employees of Senetan Villas & Spa Resort already have high loyalty. The highest scoring "I keep the company's business secrets" with an average value of 4.12. This shows that most Senetan Villas & Spa Resort employees tend to have high loyalty because they always keep the company's business secrets. Lowest scoring at "I am willing to work overtime to complete my work" with score of 3.92, not all workers willing to work overtime to complete the job.

C. Analysis Results
The results of the F test on model 1 obtained a calculated F value of 82.410 with an F test probability value of 0.000 less than 0.05. This shows that compensation simultaneously has a significant effect on job satisfaction variables. The results of the F test on model 2 obtained a calculated F value of 33.046 with an F test probability value of 0.000 less than 0.05. This shows that compensation and job satisfaction simultaneously have a significant effect on employee loyalty variables.

Study provided evidence at compensation (Sig of 0.019; coefficient of 0.337) and job satisfaction (Sig of 0.003; coefficient of 0.442) affecting loyalty, then H1 and H2 are proved. Based on the results of the analysis of the effect of compensation on job satisfaction, a significance value of 0.000 was obtained with an unstandardized coefficient value of 0.766. Significance value 0.000<0.05 then H3 is proved.

Z count of 3.7848 > 1.96, job satisfaction proved to strengthen compensation at loyalty, so hypothesis 4 is accepted. The VAF value (50.12 percent) is between 20 percent and 80 percent, it can be explained that the role of satisfaction is a partial mediation.
D. Effect of Compensation on Employee Loyalty

Study noticing that compensation affecting a loyalty, bigger feedback received by Senetan Villas & Spa Resort employees, the greater the employee's sense of loyalty. Conversely, the smaller the compensation received by employees, the sense of loyalty of Senetan Villas & Spa Resort employees will decrease. The results of this study are in accordance with Herzberg’s Two Factor Theory. This theory formulates job characteristics into two groups, namely motivation factors and hygiene factors so employee loyalty will be formed (Rose & Raja, 2018). The results of this study support research conducted by Onsardi (2017) which states that there is a positive and significant direct effect of compensation on employee loyalty. This research is in accordance with the results of research by Palwasha (2017) which state that compensation has a positive effect on employee loyalty, that is, if the company pays higher paycheck, company would get more motivated workers.

E. Effect of job satisfaction on employee loyalty

Study noticing that job satisfaction affects loyalty, the more job satisfaction felt by Senetan Villas & Spa Resort employees, the greater the employee’s tendency to be loyal to Senetan Villas & Spa Resort. This research is in accordance with the Two Factor Theory put forward by Herzberg (Madadzadeh et al., 2018). Motivator factors which are factors driving a person to excel that come from within themselves are called intrinsic conditions. These motivator factors include achievement, rewards, responsibilities, opportunities for advancement, the work itself, and growth and development. Meanwhile, hygiene factors which include the need for maintenance and are a driving factor for someone to excel from outside themselves are called extrinsic conditions.

Hygiene factors include physical working conditions, interpersonal relationships, company policies and administration, supervision, salary, and job security. Chandra (2020) indicate job satisfaction positively affects employee loyalty, that is, the greater the satisfaction of employees working through a good work environment and facilities, the greater employee loyalty to the company. Higher perception of satisfaction tends to encourage higher employee loyalty.

F. Effect of Compensation on Job Satisfaction

Study indicates that compensation significantly affecting satisfaction. The results of this study are in accordance with Herzberg’s Two Factor Theory. This theory formulates job characteristics into two groups, namely satisfies (motivators) which are satisfying factors, although not being fulfilled will not cause too much dissatisfaction and dissatisfaction (hygiene factors) which are factors that are a source of dissatisfaction (Asmawi, 2017).

Through the provision of high compensation will provide motivation and foster a sense of job satisfaction in employees. Winda et al. (2017) suggested that there is a positive effect of compensation on job satisfaction. This means that by providing compensation in accordance with desire of employees then the satisfaction will appear (Fatima & Ali, 2016; Farqih & Djaelani, 2020).

G. The Role of Job Satisfaction in Mediating the Effect of Compensation on Employee Loyalty

Job satisfaction and compensation are important factors for employees to form a loyal attitude or not to the company. If Senetan Villas & Spa Resort is able to increase the compensation given to employees, then this will be able to increase employee job satisfaction and ultimately employee loyalty at Senetan Villas & Spa Resort will increase. Based on the results of the Sobel test, a significant positive effect was found between the compensation variable on employee loyalty through the job satisfaction variable. Saptarini & Yudhaningsih (2020) states that simultaneously the compensation variable on the employee loyalty variable through job satisfaction has a positive and significant influence. Likewise with research conducted by Tantowi et al. (2016) which states that compensation and job satisfaction have a positive and significant effect on employee loyalty. These results indicate that if employees have high job satisfaction within the company, the loyalty from within the employee will increase. Thus, the positive effect of compensation on employee loyalty can increase if employees have a high sense of job satisfaction. These results are in accordance with the Two Factor Theory which states that satisfaction and dissatisfaction at work are two different sides and will have an impact on employee feedback on the company.

H. Implications of Research Results

The results of this study can provide practical implications for Senetan Villas & Spa Resort to consider strategies in maintaining and increasing employee loyalty by paying attention to compensation and employee job satisfaction factors. Based on the results of the analysis, the practical implication for Senetan Villas & Spa Resort is to continue to pay overtime wages based on the workloads, then continue to provide insurance protection and coverage for employees. In addition, continue to build an atmosphere of harmonious cooperation among colleagues to help each other in doing work, then maintain good relations, provide support and trust the work of employees. The results of this study are in accordance with the Two Factor Theory which states that job satisfaction and dissatisfaction are influenced by compensation. If the compensation given is higher, it will provide satisfaction to employees and will motivate employees to remain loyal to the company.

V. Conclusion

Compensation affecting job satisfaction and loyalty, the more compensation in term financial and non-financial will resulted in increasing at job satisfaction and loyalty. Job satisfaction has a positive and significant effect on employee loyalty. This means that the higher the job satisfaction felt by Senetan Villas & Spa Resort employees, the greater the employee's tendency to be loyal to Senetan Villas & Spa Resort. Job satisfaction able to mediate links from compensation at employee loyalty.

It is recommended that Senetan Villas & Spa Resort increase the provision of health benefits by paying benefits evenly to all employees at Senetan Villas & Spa Resort and paying them on time so that employees can feel the benefits.
of health benefits paid by the organization. Furthermore, it is recommended for Senetan Villas & Spa Resort to add work facilities that are used by employees to make them more adequate, for example by adding computer or laptop facilities, then adding Spa tools and products, as well as providing transportation facilities to facilitate the work activities of employees who directly serve guests at Senetan Villas & Spa Resort, provides training and education for its employees about the importance of being loyal and working well together for overtime in completing work. In addition, Senetan Villas & Spa Resort can increase overtime pay so that employees are willing to work overtime to complete work. Senetan Villas & Spa Resort, in selecting employees, should be more careful in choosing employees with backgrounds that are appropriate to the field being sought, as well as providing basic tasks and functions according to their background/competence. Future study needs to explore another antecedent that affect consumer employee loyalty besides compensation and job satisfaction.

REFERENCES


DOI: http://dx.doi.org/10.24018/ejbmr.2023.8.3.1994 Vol 8 | Issue 3 | June 2023