

# The Effect of Compensation and Motivation on Employee Performance with Job Satisfaction as Intervening Variables at Hotel XYZ, in Jakarta

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## ABSTRACT

*The purpose of this study was to determine the effect of compensation and motivation on employee performance with job satisfaction as an intervening variable at Hotel XYZ Jakarta. This study uses a quantitative approach, associative research type and the sample in this study amounted to 120 people, using primary data obtained from a questionnaire with the Simple Random Probability sampling method. Data collection using the questionnaire method, hypothesis testing includes path analysis, MSI transformation, single test, direct effect, indirect effect, path coefficient and determination coefficient (R<sup>2</sup>). The results showed that motivation and compensation had a positive and significant effect on job satisfaction and employee performance. Job satisfaction also has a positive and significant effect on employee performance. Simultaneously compensation, motivation affects job satisfaction and motivation, compensation, and job satisfaction affect employee performance. The results of the analysis show that the direct path of motivation has the strongest influence on employee performance as indicated by the regression coefficient of the highest (dominant) influence of 0.448.*

## 1. INTRODUCTION

In the era of globalization, hotels in Indonesia play an important role as a means to support the activities of all sectors of the country's development. Along with the times, accommodation facilities are required to be able to provide comfortable, adequate and fast facilities for consumers. The tourism industry in Indonesia has grown and increasingly developed, which in this case will have a positive impact on the hotel industry where the hotel industry provides accommodation services for tourists

This encourages every hotel to provide attractive products and satisfying services to be able to compete with hotels. another, as well as XYZ Hotel as a hotel designed to meet the needs of business people visiting Jakarta. Hotel XYZ occupies a strategic location. the location is close to government offices, tourist attractions, which are around Jakarta which is the center of government.

The success of the company is greatly influenced by the performance of each employee. Every company will always try to improve employee performance to achieve company goals. One of the best ways to improve employee performance is to link employee compensation, motivation and job satisfaction. The compensation system helps to reinforce the organization's key values and facilitate the achievement of organizational goals (Soetrisno 2016) One way for management to improve employee performance and job satisfaction is by motivating and providing adequate compensation. Compensation is very important for employees as individuals because the amount of compensation reflects the amount of work done. According to Davis (1996), the amount of money and other items of value is given in exchange for work done. It is important for companies to ensure that employees know about salaries including all their compensation, such as allowances, bonuses, facilities, and the like.

Furthermore, according to Martocchio (2017) that compensation is an intrinsic and extrinsic reward that employees receive for doing their work and for their membership as employees. Intrinsic compensation reflects the psychological mindset of employees that results from doing their job, for

example, experiencing an overwhelming sense of the belief that someone is an important job in someone else's life. Meanwhile, extrinsic compensation includes financial and non-financial rewards.

According to Smith (1991) motivation is defined as a force that encourages, provides direction and influences a person's behavior. In other words, motivation is what arouses people to act, by taking actions to achieve the goals set. Furthermore, Robbin (2013) defines motivation as a process that takes into account the individual, intensity, direction, and persistence of efforts to achieve a goal.

Robbins (2014) job satisfaction is what describes positive feelings about a job, which results from evaluating its characteristics. According to Decenzo (2010) performance is a function of skills, abilities, motivation, and opportunities to perform. Then Kondalkar (2007) employee performance and job satisfaction are determinants of the achievement of individual and organizational goals. Job satisfaction is important because it will show its relationship with employee performance.

Research has been conducted to determine the effect of compensation, motivation on employee performance and obtained mixed results. Syatoto et al (2016) stated that compensation and motivation have a positive effect on job satisfaction and employee performance. The same results are also shown by research by Sukidi et al (2016) which states that there is an effect of motivation and compensation having a positive effect on job satisfaction and performance. Ali et al (2016) in their research showed that motivation has an effect on employee performance and satisfaction.

Previous research has been conducted to determine the effect of motivation on employee performance. Research by Theodora (2015) suggests that there is a relationship between motivation and employee performance. The same results are also shown by research by Siddiqi et al (2018) proving that compensation and work motivation have a significant effect on employee performance. Research Sudarno et al (2016) compensation, motivation significant effect on job satisfaction, as well as research from at al(2018) which mneyatakan that compensation, motivation affect the performance and job satisfaction .. The purpose of this study was to determine the effect of compensation and motivation employee performance, at Hotel XYZ and job satisfaction as intervening variables. Employee performance and job satisfaction are determinants of achieving individual and organizational goals. (Kondalkar 2007).

The problem faced by Hotel XYZ is the huge market potential and advantages it has. However, XYZ Hotel's performance in the last five years hotel revenue has continued to decline according to the results of XYZ Hotel's financial reports.

The problem faced by Hotel XYZ is the huge market potential and advantages it has. However, *performance* XYZ Hotel's in the last five years (2015 to 2019) has continued to decline according to the XYZ Hotel financial report. This can be seen from the hotel revenue which continues to decline from year to year, namely in 2015 amounting to Rp. 27.5 billion, in 2016 amounting to Rp. 26.8 billion, in 2017 amounting to Rp. 26.2 billion, in 2018 amounting to Rp. 25.4 billion and in 2019 amounting to Rp. 24.3 billion. If 2019 is compared to 2015 or for five years, XYZ hotel revenue has decreased by Rp. 3.2 billion or 12%. The following is a graph of XYZ Hotel's revenue during 2015 to 2019.



Source: XYZ hotel financial report, processed

The decline is contrary to the condition of XYZ hotel which has several advantages that are attractive to guests or customers such as strategic location, modern facilities, 24-hour service, good guest service, room comfort, complete hotel facilities, parking area. The condition of the decline in income, wants to examine whether human resources are one of the causes.

With the increasing level of business competition, the company is faced with challenges to be able to survive. In maintaining the continuity of the company must pay attention to compensation to its employees. According to Mondy(2008) kompensasi covers all benefits granted to employees as a reward for their services, which include direct financial compensation, namely remuneration in the form of salaries, wages, commissions, bonuses and indirect financial compensation (allowance) which includes all the rewards financial compensation that is not included in direct compensation such as paid leave, sick leave, vacation, health insurance and non-financial compensation, namely the satisfaction that a person receives from the job itself or from the psychological and / or physical environment in which the person works.

The size of the compensation can affect work performance, motivation and job satisfaction of employees. (Sedarmayanti 2017). The general purpose of compensation is to attract, retain and motivate employees. Compensation can be received in financial and non-financial forms. Dessler (2013) employee compensation includes all forms of payments that come in and arise to employees from their work. It has two main components, direct financial payments (salaries, salaries, incentives, commissions, and bonuses) and indirect financial payments (financial benefits such as insurance and vacations paid by the employer). According to Bangun (2012) compensation is a form of compensation paid to employees for the services they provide for their work. The general purpose of compensation is to attract, retain and motivate employees. Compensation is a very sensitive aspect of working relationships. A good compensation system will help in reinforcing the key values of the organization and can facilitate the achievement of organizational goals.

Companies not only pay attention to compensation improve employee performance, but there are other factors, namely motivation. The decline in employee performance is caused by several things, including the same workload but different income, unfair treatment from superiors, changes in company policies that are detrimental to employees, such as a reduction in welfare benefits. This condition causes employee dissatisfaction and performance to decrease. Robbin (2013) defines motivation as a process that involves individuals in terms of intensity, direction and persistence of efforts to achieve a goal. The three key elements in the above definition are intensity, direction and persistence. Intensity describes how much someone tries. This is his element mostly to focus on in his work. However their high intensity is unlikely to lead to profitable results unless efforts are channeled in the direction that benefits the organization. Hence, efforts are directed towards organizational goals. The dimension of persistence, measures how long people can maintain their performance, with the motivation expected to last to achieve company goals. Luthan (2011) motivation is a process that begins with psychological needs that activate behavior or impulses aimed at a goal or incentive. According to Mangkunegara (2017), motivation is an impetus for the needs of employees that need to be met so that employees can adapt to their environment. Meanwhile, according to Sutrisno (2016) motivation as a psychological process in a person will be influenced by several factors. These factors can be divided into internal factors and external factors that come from employees.

#### 1. Internal Factors

- a. The desire to live
- b. The desire to have
- c. The desire to get an award
- d. Desire for recognition
- e. The desire to be in power

#### 2. External factors

- a. Work environment conditions
- b. Good compensation
- c. Good supervision
- d. The existence of job security
- e. Status and responsibilities

## f. Flexible regulations.

Employee job satisfaction can be fulfilled if the desired expectations can be realized in carrying out their obligations and the benefits obtained are as expected. According to Davis Keith & John Newstrom (1996) "*Job satisfaction is the favorableness or unfavorableness with employees view their work*", (job satisfaction is a set of employee feelings about whether or not it is pleasing to improve their performance). Bentley (2013) Job satisfaction is defined as the extent to which a person is satisfied with his job. It is a measure of the extent to which a person's perceptions of desired results are compared with actual results in the context of work. Furthermore, George (2018) job satisfaction is an affective or emotional reaction to work resulting from a comparison of the incumbent's actual results with the desired results.

According to Bangun (2012), with job satisfaction an employee can feel his job is fun or not fun to do. Work that is fun to do, it can be said that the job gives satisfaction to the employee concerned. On the other hand, dissatisfaction will be obtained when a job is not pleasant to do. Job satisfaction is an important problem because it is proven to have great benefits for employees and the company. For employees, high job satisfaction is an effort to increase their happiness in life, while for the company, as input for the company in order to improve performance and reduce the cost of company regulations. Davis Keith (1996) "*job satisfaction is related to a number of major employee variables such as turnover, absence, age, accupation and size of organization in which an employee work*". In this case, the factors for job satisfaction include:

- a. Turnover (employee turnover) Higher job satisfaction is associated with lower employee turnover, while employees who are less satisfied usually have higher turnover.
- b. Absentee level of employees who are not satisfied tend to have a high level of absenteeism. This will affect the conditions of the work environment and employee performance in achieving company goals.
- c. Age There is a tendency for older employees to be more satisfied than employees who are relatively young. It is assumed that older employees are more experienced in adapting to the work environment. Meanwhile, young employees usually have ideal expectations about the world of work. If the expectations do not match the reality they become dissatisfied.
- d. Job Level Employees who occupy higher levels of work tend to be more satisfied. This is because a higher level of work indicates a better working ability and is active in expressing ideas and creatively.
- e. The size of the company organization The size of the company organization can affect employee satisfaction. This is because the size of the company is also related to coordination, communication and employee participation.

Employee performance from the word *job performance* or *actual performance* (work performance or achievement achieved by someone). The definition of performance (work performance) is the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the job responsibilities assigned to him (Mangkunegara, 2017). According to Bangun (2012), performance is the result of work achieved by someone based on job requirements. A job has certain requirements that can be done in achieving company goals with the following indicators:

- a. Number of jobs  
This indicator shows the number of jobs produced as a standard of work. Based on the job requirements, it can be seen that the number of employees needed.
- b. Quality of work  
Each job has a certain quality standard that must be adjusted by employees to be able to do it according to the provisions. Employees have a good performance if they can produce work according to the quality requirements that are required for the job.
- c. Punctuality  
Each job has different characteristics for certain types of work. It must be completed on time because it is dependent on other jobs. If the work of one part is not on time it will hinder the work of other parts.
- d. Attendance

A certain type of work requires the presence of employees in working on a specified time. Employee performance is determined by the level of employee attendance in doing it.

e. Workability

Employee performance can be judged by their ability to work with other colleagues. This is because certain types of work require more employees.

## 2. PREVIOUS RESEARCH

No.	Researcher's name	Research title	method Research	results
1.	Ali, Amjad, Zhong, Huang, Ali. (2016)	The Impact of Motivation on the Employee Performance and Job Satisfaction in IT Park (Software House) Sector of Peshawar, Pakistan	Multiple Linear Regression Analysis	Motivation affects employee performance and satisfaction
2.	Harahap, Hidayat. (2016.)	The Effect of Motivation and Work Environment on Performance Through Job Satisfaction as an Intervening Variable (Study at PT. Taspen (Persero) Semarang Main Branch Office)	Path Analysis	All independent variables have an influence on the dependent variable either partially or silently
3.	Setiawan, Light. (2015).	The Influence of Work Motivation on Employee Performance at Operational Level at PT. Pusri Palembang	Path Analysis	Motivation has a significant effect on employee performance
	Sukidi, Wajdi. (2016).	The Influence of Motivation, Compensation, and Job Satisfaction on Employee Performance with Job Satisfaction as an Intervening Variable. Agriculture, Plantation and Forestry Boyolali Regency	Path Analysis	Office of 1. Motivation and compensation have a positive and significant effect on job satisfaction and performance 2. Motivation, compensation and job satisfaction has a positive and significant effect on performance 3. Job satisfaction has the strongest effect on performance.
	Yuliannisa, Noor, Basrindu, Anhar Yani. (2017)	The Effect of Compensation and Motivation on Work Productivity at PT. Inter Pan Pacific Futures	Multiple Linear Regression Analysis	Banjarmasin 1. Motivation affects productivity 2. Compensation and motivation affects productivity
	Satriya, Aryani. (2018).	<i>The Influence of Compensation, Motivation and Work Environment on Performance with Job Satisfaction as Intervening Variable (a Study at Secretariate of Pasuruan Regency)</i>	Multiple Linear Regression Analysis	1. Compensation, motivation and work environment have a positive and significant effect on performance and job satisfaction 2. Satisfaction work affects performance 3. Compensation, motivation and work environment affect performance with job satisfaction as an intervening variable.
7.	Theodora, Olivia. (2015).	The Effect of Work Motivation on Employee Performance of PT. Sejahtera Motor Gemilang	Multiple Linear Regression Analysis	1. Partially relatedness motivation and growth have an

				effect on employee performance. 2. Existently does not have a significant effect on employee performance.
8 ..	Syatoto, Faith. (2016)	The Effect of Employee Compensation and Work Motivation on Company Performance (Case Study at PT. Wahana Ottomitra Multiartha Tbk.	Multiple Linear Regression Analysis	Compensation and motivation have a positive and significant effect on company performance.
9.	Syafii, Mochamad. (2017).	Influence of Motivation and Compensation for Employee Work Productivity Ada Ud. Anak Agung Sedayu Gresik	Multiple Linear Regression Analysis	Motivation and compensation have an effect on work productivity
10.	Sutanto, Madiono, Patty. (2014)	Perception of Salary, Work Motivation, and Employee Performance of PT. Amita Bara Sejahtera	Analysis Multiple Linear Regression	Salaries and work motivation either partially or simultaneously affect employee performance
11.	Sudarno, Priyono, Sukmaningrum. (2016)	<i>Effect of Compensation, Motivation and Organizational Climate on Employee Satisfaction Study on PT. Sumber Alfaria Trijaya Tbk. In Gedangan- Sidoarjo</i>	Analysis of Multiple Linear Regression	Compensation, motivation, organizational climate si has a significant effect on job satisfaction.
12.	Siddiqi, Tahmeem. (2018).	<i>Impact Of Work Environment, Compensation And Motivation On The Performance Of Employees In The Insurance Companies Of Bangladesh</i>	Multiple Linear Regression Analysis	All of the independent variables significantly affect employee performance

### 3. METHODS

This study uses a quantitative approach to the type of associative research is to investigate in a population with using a specific sample. Sampling was done *randomly* from the existing population. The samples used in this study were 120 people. In this quantitative analysis aims to test the proposed hypothesis by using several components and the quantitative research process. (Sugiyono, 2016). The analytical method used by the author in this study is the *path analysis* with the help of the *IBM SPSS version 22 software*. Path model a diagram that connects the independent, intermediate and dependent variables. (Pardede, 2018).

H1: Compensation has an effect on job satisfaction

According to Berger (2008) compensation is to set the percentage weight for each group that contributes to the outcome measure, based on their level of influence. Milkovich (2014) compensation is one of the most powerful tools organizations have for influencing their employees. Compensation is well managed, it can play a major role in the organization and will successfully execute company strategy through employees. In previous research conducted by Sumarno et al (2013) stated that there is an effect of compensation on job satisfaction. Furthermore, according to research results from Rozaaid et.al (2015) states that compensation has an effect on job satisfaction.

H2 : Motivation has an effect on job satisfaction.

Luthan (2011) Motivation is a process that begins with physiological or psychological deficiency or needs that activate behaviors or drives aimed at goals or incentives. Thus, the key to understanding the motivational process lies in the meaning of, and the relationship between, needs, drives, and incentives. Smith (1991) motivation is an attempt to arouse people into action and that will influence their strength and persistence to achieve the desired goals. Bangun (2012) motivator factors can provide

a person's job satisfaction and can also improve employee performance. In previous research conducted by Ali et.al (2016), motivation plays an important role in employee performance and satisfaction. Furthermore, according to research results from Rozaaid et.al (2015), it is stated that motivation has an effect on job satisfaction.

H3: Compensation affects employee performance.

Employees can perform additional tasks based on performance appraisals which have an impact on increasing compensation (David, 2009) . The Human Resources Manager is responsible for creating a work system and ensuring that the compensation given by employees is fair both internally and externally (Martocchio, 2017). In previous research conducted by Saputri (2018), it was concluded that the results of this study concluded that there was a relationship. positive and significant between compensation and employee performance in the company. Furthermore, following previous research from Siddiqi, Tahmeem (2018) states that compensation has an effect on employee performance.

H4: Motivation has an effect on employee performance.

Motivation and performance will increase if employees are specifically informed about the goals to be achieved. (Brooks, 2009). According to Davis (1996) achievement motivation is a drive in people to overcome all challenges and obstacles in an effort to achieve goals. Previous research from Siddiqi, Tahmeem (2018) states that motivation affects employee performance. The main factors that cause their high performance are the level of satisfaction and work motivation. The results of the research are according to research Sutanto's *et.al* (2014) that work motivation affects employee performance ...

H5: Job satisfaction affects employee performance

According to Rowan (2008), employee job satisfaction comes from challenges that are given continuously and given roles to employees to develop it in order to be able to improve skills in order to continue to improve, this will have an impact on his career. Robbin (2014) job satisfaction is describing positive feelings about a job, which results from evaluating its characteristics. A person with a high level of job satisfaction thinks positively about his job. In previous research conducted by Sukidi, Wajdi (2016) stated that job satisfaction has a positive and significant effect on employee performance. Furthermore, according to research from Azic *et al* (2016) states that job satisfaction has an effect on employee performance

H6: Compensation has an indirect effect on employee performance through job satisfaction.

The size of compensation can affect work performance, motivation and job satisfaction of employees Sedarmayanti (2018). If the compensation is given appropriately, employees will get job satisfaction and will be motivated to achieve organizational goals. Marcus (2017) greater job involvement will increase better work performance and increase job satisfaction. In previous research conducted by Sukidi, Wajdi (2016) that compensation affects job satisfaction and employee performance, and job satisfaction affects employee performance

H7: Motivation has an indirect effect on employee performance through job satisfaction

According to Robbin (2014), employees will be motivated to exert a high level of effort when they believe it will result in a good performance appraisal, that a good judgment will result in organizational rewards such as a raise, and / or intrinsic rewards; and that reward will satisfy the employee's personal goals. Davis (1967) motivation and work ability determine employee performance in carrying out their work. In previous research conducted by Sukidi, Wajdi (2016) that motivation and compensation have an effect on job satisfaction and motivation variables, and job satisfaction has an effect on employee performance. Research from Ali *et.al* (2016) states that motivation affects employee performance through job satisfaction. Furthermore, research from Hidayat et al (2015) states that motivation affects employee performance through job satisfaction.

### Theoretical Framework

The path relationship between variables in the path diagram is a correlation relationship, therefore the calculation of the path coefficient number uses the z score standard. Each exogenous variable is not

influenced by other variables in the diagram, so that only the residual term is given the notation e. This variable is often referred to as the residual variable.

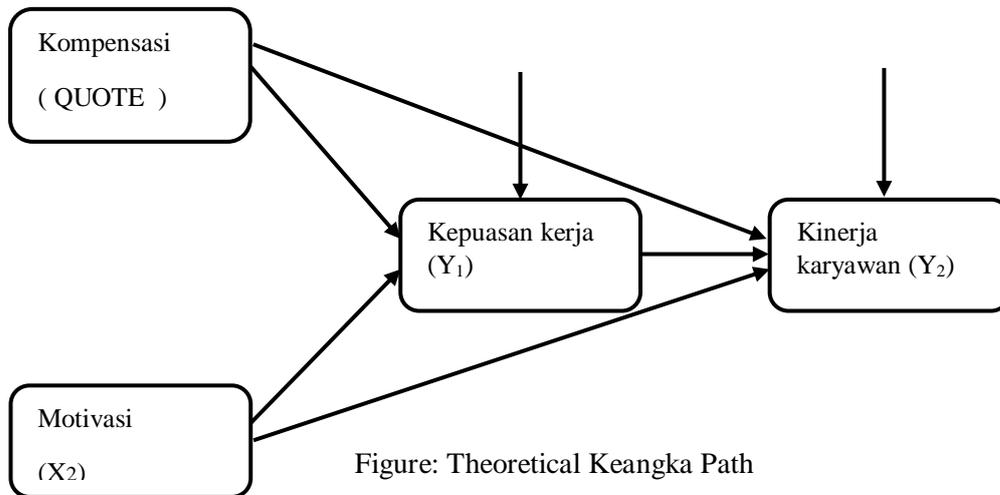


Figure: Theoretical Keangka Path

Analysis is used to determine the effect of independent variables on the dependent variable. The first step is taken to prove that the compensation variable (X1) and the motivation variable (X2) as the independent variable affect the job satisfaction variable (Y1) as the dependent variable, in table 1 as a result of Structural equation 1:

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	6.173	4.777		1.292	.199
Kompensasi	.169	.067	.236	2.540	.012
Motivasi	.211	.054	.376	4.055	.000

Dependent Variable: Kepuasan Kerja (Y1)

Sumber :olah data SPSS

R<sup>2</sup> (R Square) value of 0.292

Score e<sub>1</sub>e<sub>1</sub> (standard error) of 0.841

Based on the table above, it can be seen that the regression equation is as follows:

$$Y1 = \rho Y1X1 + \rho Y1X2 + \rho Y1X3 + e_1e_1$$

$$Y1 = 0.236 X1 + 0.376 X2 + 0.841 \dots\dots\dots(1)$$

The second step in the path analysis is to prove that there is a significant influence on the independent variables of compensation (X<sub>1</sub>), motivation (X<sub>2</sub>) and job satisfaction (Y<sub>1</sub>) on the dependent variable of employee performance (Y<sub>2</sub>). The results of the analysis are to determine the effect of compensation (X<sub>1</sub>), motivation (X<sub>2</sub>) and job satisfaction (Y<sub>1</sub>) variables on the dependent variable of employee performance. Following are the results of Structural equation 2 as follows: The

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.533	2.931		-.533	.602
1 Kompensasi	.140	.041	.259	3.904	.001
Motivasi	.205	.034	.448	5.035	.000
Kepuasan Kerja	.149	.054	.203	5.708	.006

Dependent Variable: Kinerja karyawan

Sumber : Olah data SPSS

value of R<sup>2</sup> (R Square) is 0.566

Value  $e_1e_1$  (standard error) of 0.658

Based on the table above, it can be seen that the regression equation is as follows:

$$Y_2 = \rho_{Y_2X_1} X_1 + \rho_{Y_2X_2} X_2 + \rho_{Y_2Y_1} Y_1 + e_2$$

$$Y_2 = 0.259 X_1 + 0.448 X_2 + 0.203 Y_1 + 0.658 \dots\dots\dots(2)$$

Variable	Influence Direct	Effect Indirect	Effect TotalEffect
Compensation(X1) □ Job Satisfaction (Y1)	0.236		0.236
Motivation (X2) □ Job Satisfaction (Y1)	0.376		0.376
Compensation ( X1) □ employee performance (Y2)	0.259		0.259
Motivation (X2) □ employee performance (Y2)	0.448		0.448
Job Satisfaction (Y1) □ Employee performance (v2)	0.203		0.203
Compensation (X1) □ Job Satisfaction (Y1) □ employee performance (Y2)	0.259	0.048 (0.203 X 0.236)	0.307
Motivation (X2) □ Job Satisfaction □ Employee performance (Y2)	0.448	0.076 (0.203 x 0.37)	0.524

**a. Effect of compensation variables on job satisfaction**

$$X_1Y_1 = \rho_{Y_1X_1} = 0.236$$

Path coefficient value Compensation for direct job satisfaction is 0.236 and the significance at 0.001 means that hypothesis 1 can be accepted because the value significance is less than 0.05 (0.012 < 0.05). This means that there is a direct effect of compensation on job satisfaction at XYZ Hotels. These results are supported by research by Sukidi and Wajdi (2016), Bawoleh *et.al* (2015) and Sumarno *et.al* (2013). In his research, it was found that compensation had a significant effect on job satisfaction. This is due to the compensation provided by the company in accordance with the rights of employees to work optimally, resulting in an increase in job satisfaction for company employees. According to Mondy (2008) compensation is the total amount of compensation received by employees in lieu of the services they have provided.

From the results of the study, it can be related to the theory put forward by Mangkunegara (2017), namely the compensation given to employees is very influential on the level of job satisfaction and work motivation and work results. If the compensation is given appropriately, employees will get job satisfaction and will be motivated to achieve goals. (Sedarmayanti, 2017).

**b. The influence of the motivation variable on job satisfaction**

$$X_2Y_1 = \rho_{Y_1X_2} = 0.376$$

The value of the direct motivation path coefficient on job satisfaction is 0.376 and the significance of 0.000 means that hypothesis 2 can be accepted because the value significance is less than 0.05 (0.00 < 0.05). These results are supported by research by Sukidi, Wajdi (2016), Bawoleh *et.al* (2015) and Sumarno (2013) which state that motivation has a significant effect on job satisfaction. This can be related to the theory of motivation, Bangun (2012), namely motivation is a condition that has stimulated or became the cause for someone to do an action or activity that takes place consciously to achieve a goal. Motivation is a process between effort and satisfying certain needs. In other words, motivation is the willingness of employees to achieve organizational goals (Sutrisno, 2012).

**c. The effect of the compensation variable on employee performance**

$$X_1 Y_2 = \rho Y_2 X_1 = 0.259 \text{ The}$$

value of the direct compensation path coefficient is 0.259 and the significance at 0.000 means that hypothesis 3 can be accepted, the significance value is 0.001 less than 0.05 ( $0.000 < 0.05$ ). This means that there is a direct effect of compensation on employee performance at XYZ Hotels.

This result is supported by the results of research conducted by Siddiqi, Tahmeem (2018), in his research it was found that compensation has a significant effect on employee performance, and increasing work compensation will improve performance. employees. According to Sutrisno (2016) to improve work performance, companies must provide decent performance to employees in accordance with the company's capabilities.

**d. The influence of motivation variables on employee performance**

$$X_2 Y_2 = \rho Y_2 X_2 = 0.448 \text{ The}$$

value of the direct motivation path coefficient on employee performance is 0.448 and the significance at 0.000 means that hypothesis 5 can be accepted, the value significance is less than 0.05 ( $0.000 < 0.05$ ). This means that there is a direct positive effect of motivation on employee performance.

Satriya, Aryani (2018), Ali *et.al* (2012) and Siddiqi Tahmeem (2018), in their research, it was found that motivation has a significant effect on employee performance. This can be related to what was stated by Mangkunegra (2017), work performance or performance is the quality and quantity of work achieved by employees in carrying out their duties in accordance with the responsibilities assigned to them,

according to Sutrisno (2016). two things:

- a. criteria for measuring job success which is the ultimate goal in the implementation of a job. The
- b. behavior of the individual himself in an effort to achieve success in accordance with predetermined standards. The behavior itself is influenced by two things, namely individual and situational. Individually related to the level of work motivation of a person in carrying out their duties.

**e. The influence of job satisfaction variables on employee performance**

$$Y_1 Y_2 = \rho Y_1 Y_2 = 0.203 \text{ The}$$

value of the direct job satisfaction path coefficient on employee performance is 0.203 and the significance at 0.000 means that hypothesis 5 can be accepted, the value significance is smaller than 0.05 ( $0.000 < 0.05$ ). This means that there is a direct positive effect of job satisfaction on employee performance at XYZ Hotels.

According to Bangun (2012) it is said that to improve performance, job satisfaction and motivation is through compensation. This is clear. Increased employee performance will affect the work performance of the organization so that the company goals that have been set can be achieved. Sutrisno (2016 states) that work performance or performance is the result of work that has been achieved by someone from their work behavior in carrying out work activities. Information about the level of performance or work performance of an employee is obtained by a long process, namely by appraising performance or work (*performance appraisal*).

Job satisfaction at Hotel XYZ has an effect on employee performance even though it is not significant at 20.3%. Job satisfaction can be seen from the statement that the higher the age level, the higher the level of job satisfaction. This is reflected in the results of the questionnaire which received a positive response of 78%. This condition affects the performance of employees, which in the statement regarding the time used to do work in accordance with the targets given get a positive response of 86%.

**f. The effect of the compensation variable on employee performance through job satisfaction**

$$X_1 \rightarrow Y_1 \rightarrow Y_2 = (\rho Y_1 X_1) \times (\rho Y_1 Y_2) = (0.236 \times 0.203) = 0.048 \text{ The}$$

value of the indirect effect is obtained from the path coefficient value  $\rho Y_1 X_1$  multiplied with the path coefficient value  $\rho Y_1 Y_2$  to  $(0.236 \times 0.203) = 0.048$  After the carried out *sobel test* is, table 5.24 shows the z-value of 2.192 is greater than the characteristic value on the *sobel test* which is 1.96. From these results it can be concluded that compensation has an indirect effect on employee performance through job satisfaction, namely the results ( $2.192 > 1.96$ ). The significant value on the *sobel test* is the result of ( $0.028 < 0.05$ ), it can be concluded that compensation has an indirect and significant effect on

employee performance through job satisfaction, which means that hypothesis 6 can be accepted. The results of previous research on the same results of the above research include Satriya, Aryani (2018), Sumarno *et.al* (2013) and Sukidi, Wajdi (2016) which states that simultaneously compensation, motivation and job satisfaction variables have a positive effect. and significant to employee performance.

**g. The influence of motivation variables on employee performance through job satisfaction**

$$X_2 \rightarrow Y_1 \rightarrow Y_2 = (\rho_{Y_1 X_2}) \times (\rho_{Y_1 Y_2}) = (0.376 \times 0.203) = 0.076$$

The value of the indirect effect is obtained from the path coefficient value  $\rho_{Y_1 X_2}$  multiplied by the path coefficient value  $\rho_{Y_1 Y_2}$  becomes  $(0.376 \times 0.203) = 0.076$

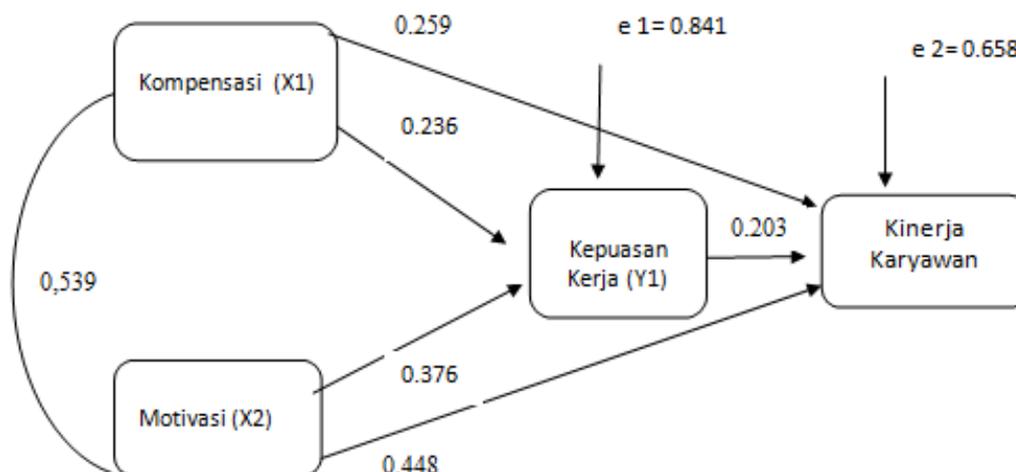
After the carried out *sobel test* is, table 5.24 shows the z-value of 2.405 is greater than the characteristic value in the *sobel test*, which is 1.96. From these results it can be concluded that motivation has an indirect effect on employee performance through job satisfaction, namely the results  $(2.405 > 1.96)$ . The significant value on the *sobel test* is  $(0.016 < 0.05)$ , it can be concluded that motivation has an indirect and significant effect on employee performance through job satisfaction, meaning that hypothesis 7 is accepted.

The indirect effect of motivation on employee performance can be accepted or has a positive and significant relationship with job satisfaction as an mediating variable *intervening*. This can be related to performance measurement according to Davis (1967), namely: *Human performance = ability x motivation*.

From this statement, it is clear that to get a picture of a person's performance, a special assessment of ability and motivation is needed. Among the several factors that affect a person's performance, it turns out that what can be intervened through education and training are ability factors that can be developed. In addition, it is also supported by previous research which states that motivation has a significant effect on employee performance by Syatoto, Iman (2016), Siddiqi, Tahmeem (2018) and Johan (2017).

The influence of motivation on employee performance through job satisfaction is 52.4%, the percentage value is the sum of the direct effect of 44.8% and the indirect effect of 7.6%. The motivation variable is the dominant contribution to employee performance, either directly or indirectly. This is inseparable from employees who wish to continue working at the company, which is reflected in low employee turnover and statements regarding being able to complete work according to their abilities, which have received a positive response of 86%.

Based on equations (1) and (2) and the results of the correlation relationship, a path analysis model is obtained as follows:



From the results of the research conducted and from the results of interviews conducted with hotel officials, it can be concluded that the performance of XYZ hotel employees is good. This is due to the welfare of XYZ hotel employees being able to meet the wishes and expectations of employees. On the other hand, the condition of hotel revenue for the last 5 years (2015 to 2019) has continued to decline. The decline is due to external factors related to increasingly competitive market competition in

the new era of digitalization and internal factors in the form of old building conditions that have not been completely renovated and fixed costs as well as variable costs that are high enough that the company must pay so as to increase the cost per unit. In addition, seen from the company's organizational structure where the Hotel General Manager supervises as many as 12 departments, it is unusual because there are too many things to be controlled so that the *span of control* to each department is ineffective.

With this description, it can be said that the decline in income is not related to employee performance, but the company's performance has decreased. The recommendation that XYZ hotel management must make is that the compensation provided by the company is very good, employees must be required to think creatively in increasing hotel revenues, among others by entering into long-term cooperation contracts with government agencies at competitive prices, making innovative sales packages such as family packages, business packages, tour packages, packages *wedding* etc. Meanwhile, from the human resources side, it applies *reward* and *punishment* to employees, making changes from contract employees to daily employees *freelance*. In maintaining the image of the hotel by carrying out a total renovation by cooperating with a third party in financing by sharing the results within a certain period.

#### 4. CONCLUSIONS AND SUGGESTIONS

Based on the research and discussion that has been done, it can be concluded that XYZ Hotel's income which has continued to decline in 5 years is not influenced by compensation, motivation, job satisfaction and employee performance variables. This can be seen as a whole that employees have shown their work performance to realize the company goals that have been set. However, this decline is due to the internal and external factors the company as described by officials on hotels XYZ is the condition of the building is old and therefore contributes to the interest of the guests and the emergence of new competitors that have better facilities nice and competitive price

Based on the analysis of the discussion The aforementioned considerations for Hotel XYZ, namely the company continues to maintain compensation that will affect motivation, job satisfaction and employee performance and invite investors to make total renovations and system improvements as well as program breakthroughs that can provide the company's business continuity. Further research is suggested to be able to examine the functions of human resource management such as staff provision, human resource development, safety and health, and employment and labor relations.

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