

CHAPTER I INTRODUCTION

1.1. Background of Study

Human resources or employees are the most essential part of achieving company goals. Every individual works to earn income to meet their needs. For this reason, everyone works to get reciprocity by the work done. So, employees work hard and are responsible for carrying out their duties well to get rewards and punishments for their work performance and safety in the form of money or other facilities (Susan, 2019).

The company needs a strategy to enhance customer satisfaction, one of which is by assessing the perception of prices as felt by consumers. Perception is a process carried out by an individual to recognize, select, organize, and interpret stimuli into meaningful and rational images of the world. In the same real-life situation, two people may receive the same stimuli, but how each person recognizes, selects, organizes, and interprets them is a similar process, while the price, in reality, is the value of a product in terms of one currency or medium of exchange. The magnitude of the value or price is also influenced by physical and psychological factors (Prasetyo, 2021).

The price of goods or services influences the market demand in various fields, and because prices can generate profits, prices also affect the company's marketing strategies and consumer considerations. Employees are the company's main assets that must be adequately maintained and developed. Therefore, the company needs to place its workforce or employees in

important and primary positions compared to other resources owned by the company. The employees will feel proud and achieve consumer satisfaction based on team member services provided by hospitality management. The employees will get consumer satisfaction if the service follows the standards of both the quality and quantity influences that have been set in hospitality management (Wenny *et al.*, 2023). In previous study, it is proven that employee performance has a linear relationship with consumer satisfaction. (Rianto Rahadi & Yusup, 2020)

McCarter *et al.* (2022) also mentioned that employee performance has a positive and significant influence on consumers satisfaction, it means that the higher the employee performance, the higher the consumers satisfaction.

As one of the metropolitan cities in Indonesia, the city of Medan is inseparable from the growing hotel industry itself. The emergence of various kinds of hotels in Medan City makes the level of hotel competition tighter at this time. Star hotels have sprung up and started trying to find and make an appeal to potential consumers.

Grand Inna Medan Hotel, located on Jalan Balai Kota No. 2 Medan, is one of the hotels located in the central area of Medan City. Because of its location in the center of Medan City, the Grand Inna Medan Hotel has many similar hotel rivals that are located not far from the Inna Hotel itself. This four-star hotel, with a total of 132 rooms, has hotel competitors. The average guest staying at Grand Inna Hotel is around 50% of the total 132 rooms. Grand Inna Hotel is one part of the Inna Group Hotel company in Medan. The emergence of intense

competition at this time makes this hotel need a program to maintain the number of guests and even increase the number of guests (Ponirin *et al.*, 2021).

In the current hotel competition, hotel businesses must maintain their business continuity and try to find opportunities by utilizing the advantages possessed by the company so that they survive in this business. One of the ways the hotel can maintain its business is by building consumer satisfaction. Grand Inna Medan Hotel is a long-established hotel in Medan City.

There are several complaints from the consumers on the service / performance of the employees. The following data is presented about complaints or complaints from regular guests at the Grand Inna Medan Hotel.

Table 1. 1 Consumers Complaint Data of Grand Inna Medan Hotel

No	Consumer Complaints
1	Service that needs to be more responsive to guests' needs. It's an old building but with pretty decent decor. The breakfast
2	The hotel waiter took too long to provide my bathing needs. It
3	The hotel service was sometimes slow when I asked for towels. It only came after 2 hours. (Aini)
4	The waiter could be more friendly and attentive to consumers' wants and needs. (Gina)
5	The hotel waiter needed clarification when I asked about the room facilities. (Rangga)
6	I was a little annoyed by the waiter, who always asked for laundry in the room. The room needs to be updated and better maintained. The hotel should be remodeled. (Chris)

7	<p>The service needs to be more responsive to consumer needs.</p> <p>The facilities are pretty good. However, it is disappointing that the Wi-Fi facility could be faster and more convenient.</p> <p>(Nabillah)</p>
8	<p>I was not satisfied with the service at the hotel because I felt that some of the hotel employees did not master the information about the hotel in detail. (Salman)</p>
9	<p>The hotel was less responsive to room problems, such as faulty hot water, so I had to wait. (Karim)</p>
10	<p>I contacted the consumer service department because there was a malfunction of the facilities in the room, but it came after half an hour of being contacted. The service could have been faster and more responsive. (Mowson)</p>
11	<p>When I was in the hotel restaurant, some hotel staff were not friendly to consumers, so I was not satisfied with the service.</p> <p>(Feri)</p>
12	<p>Poor handling of guest complaints, such as a problem with the lights going out in my room; it was contacted, but the officer took a long time to handle it. (Seli)</p>
13	<p>The room rates at Grand Inna Hotel are excessively high compared to the value provided.</p>
14	<p>We kindly request the hotel to reconsider its pricing policies to make it more affordable for guests.</p>

Source: Grand Inna Medan Hotel 2018

Less responsive service, or in other words, less than satisfactory employee performance by Hotel Grand Inna Medan makes guests have to wait a long time for their needs. In addition to the lack of service responsiveness at the hotel, it is also concluded that hotel employees do not represent the hotel well, shown by their lack of mastery on information of the hotel services. So, with needs that are not met and less-than-optimal employee performance, consumer's satisfaction also decreases.

Based on the description above, the researcher is interested in conducting research at Grand Inna Hotel Medan titled "**The Influence of Employee Performance on Consumer Satisfaction: the Moderating Factor of Perceived Price at Grand Inna Hotel Medan**".

1.2. Problem Limitation

Due to limitations in this study, the writer decides to conduct research by setting up several limitations, such as: data of this research is gathered from Grand Inna Hotel Medan at Jl. Balai Kota No.2, Kesawan, Kec. Medan Bar., Kota Medan, Indonesia, North Sumatra. The period of this research will be conducted from August 2023 to November 2023.

The research uses several variables, which are Employee Performance (X) as the independent variable, Perceived Price (Z) as the moderating variable, and Consumer Satisfaction (Y) as the dependent variable.

1.3. Problem Formulation

The problem formulations for this research are:

- a. Does Employee Performance affect Consumer Satisfaction at Grand Inna Hotel Medan positively?
- b. Does Perceived Price moderate the relationship between Employee Performance and Consumer Satisfaction positively at Grand Inna Hotel Medan?

1.4. Objective of Research

The objectives of this research are as follows:

- a. To determine if Employee Performance affects Consumer Satisfaction at Grand Inna Hotel Medan positively
- b. To determine if Perceived Price moderates the relationship between Employee Performance and Consumer Satisfaction at Grand Inna Hotel Medan.

1.5. Benefit of the Research

There are two types of benefits resulting from the Perceived Price system and employee performance can influence consumer satisfaction.

1.5.1. Theoretical Benefit

The theoretical benefit of this research is to prove whether employee performance and Perceived Price have influence on consumer satisfaction in hospitality management field. Moreover, this research is done to gain more knowledge related to the theories about independent variables and dependent variables.

1.5.2. Practical benefit

The practical benefit from doing this research are as follows:

a. For the writer

By this research, the writer can enrich knowledge about employee performance, Perceived price, and consumer satisfaction.

b. For the company

This research can provide suggestions or input about how to improve employee performance, Perceived price, and consumer satisfaction.

c. For other researchers

To the next researcher, this research can be used as their reference in doing research about similar topics.

